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IMPACT ASSESSMENT REPORT

Accompanying the document

Proposal for a Regulation of the European Parliament and of the Council

on European labour market statistics on businesses, repealing Council Regulation (EC) No 530/1999 and Regulations (EC) No 450/2003 and (EC) No 453/2008 of the European Parliament and of the Council

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Glossary

Term or acronym	*Meaning or definition*
ECB	European Central Bank
EPSR	European Pillar of Social Rights
ESP	European statistical programme
ESS	European Statistical System
ESSC	European Statistical System Committee
EEA	European Economic Area
EFTA	European Free Trade Association
EU	European Union
Eurobase	Public database of European statistics disseminated by Eurostat
Eurostat	Statistical office of the European Union
FTE	Full-time equivalent
GPG	Gender pay gap
ISG	Inter-service group of the European Commission
JVS	Job vacancy statistics
LMB	Labour Market Statistics on Businesses
LCI	Labour cost index
LCS	Labour cost survey
MS	Member State(s) of the European Union
NSI	National statistical institute
OECD	Organisation for Economic Co-operation and Development
PC	Public consultation
PEEIs	Principal European Economic Indicators
SES	Structure of earnings survey

1. INTRODUCTION: POLITICAL AND LEGAL CONTEXT

Eurostat and the European Statistical System

Eurostat, the statistical office of the European Union (EU), ensures the production of high quality, comparable European statistics[1] according to the legal framework Regulation (EC) No 223/2009[2] (the "Statistical law") and the statistical principles, notably those laid down in the European statistics Code of Practice[3]. These rules and principles aim to ensure, among others, the independence, impartiality, objectivity and reliability of European statistics, and through those objectives, public trust in the statistics. The main uses of European statistics are to serve EU policy design, implementation and monitoring, and their main users are EU Institutions.

The European Statistical System (ESS) is the partnership between Eurostat and the national statistical institutes (NSIs), as well as other national authorities responsible for the development, production and publication of European statistics in each Member State. This partnership also includes the European Economic Area (EEA) and European Free Trade Association (EFTA) countries, i.e. Iceland, Liechtenstein, Norway and Switzerland. Eurostat issues statistical regulations and methodological guides, organises expert groups, and assesses the quality of statistics and Member States' legal compliance. In accordance with the EU principles of subsidiarity and proportionality, each ESS member develops a statistical system suitable to their individual institutional context, while still following the common rules.

Eurostat's activities are further influenced by overarching policies such as the EU's Better Regulation agenda[4], which promotes open and transparent EU decision-making and evidence-based decisions, and European Commission President Ursula von der Leyen's six political priorities, among them "An economy that works for people". Implementing, monitoring and assessing these policies and priorities requires impartial and objective data – that is, official statistics.

Labour Market Statistics on Businesses (LMB)

Labour market statistics on businesses (LMB) are official statistics that describe businesses functioning in relation to labour markets. The areas covered by LMB mostly relate to level and composition of labour costs, distribution and structure of earnings, labour cost index, and job vacancy statistics. First statistics related to the level and structure of labour costs had already been

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[1] Statistics in the ESS context are defined according to Article 3(1) of Regulation (EC) No 223/2009 (see footnote 2) as "quantitative and qualitative, aggregated and representative information characterising a collective phenomenon in a considered population."

[2] Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programmes of the European Communities (OJ L 87, 31.3.2009, p. 164).

[3] European statistics Code of Practice, revised version endorsed by the European Statistical System Committee on 16 November 2017 (KS-02-18-142).

[4] https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how_en.

collected since 1959[5], with a periodicity of two to four years based on specific legislation for each data collection and covering different sectors of the economy (industry, wholesale and retail distribution, road transport, banking and insurance, services). Council Regulation (EC) No 530/1999 introduced systematic data collections on the level and composition of labour costs (labour cost survey, LCS) for the calendar year 2000 and at four-yearly intervals thereafter. The same act established the statistics on the structure and distribution of earnings (structure of earnings survey, SES) for the calendar year 2002 and for a representative month in that year, and at four-yearly intervals thereafter. Before Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 on labour cost index (LCI) was adopted, the data had been collected on a voluntary basis since 1996. Similarly, Regulation (EC) No 453/2008 of the European Parliament established for the first time and regulated the data collection on job vacancies (JVS). Earlier on, the job vacancies data used to be collected on a voluntary basis, since 2001.

LMB statistics are relevant to policymaking in various areas including macroeconomic convergence, social cohesion, price stability and gender equality. They are the reference source for all key indicators on labour demand (job vacancy statistics), on labour costs structure and levels across countries and distribution of earnings. The labour cost index supports the assessment of the inflation/deflation risks within the euro area conducted by the ECB; job vacancy statistics show labour shortages, structure of earnings survey data offer evidence to analyse wage determinants. The latter also allows calculating/adjusting the gender pay gap which is an indicator for gender equality listed under the Sustainable Development Goals scoreboard (SDG 2030) and the European Pillar of Social Rights (EPSR). Both the labour cost index and the job vacancy are in the list of the Principal Economic Indicators for the Euro monitoring.

High quality and internationally comparable LMB statistics covering all Member States[6] are essential to support EU evidence-based policy making and a range of other initiatives by the EU institutions, Member States, and other statistical users (e.g., trade unions, non-governmental organisations, research institutes, the media, etc.). LMB statistics are used in many publications of Commission services, for instance the annual and quarterly Employment and Social Developments in Europe (ESDE) reports or the annual review of Labour Market and Wage Developments in Europe[7]. They are also very important for monetary policy and used by the ECB in the preparation of the Governing Council[8] meetings, many Economic Bulletins[9] and analyses published occasionally[10].

As LMB statistics play a pivotal role in policy-making, the fast-changing social and policy landscape is demanding further improvements of LMB statistics in terms of flexibility to address new needs of users and compilers, better data timeliness, comparability, consistency and quality reporting. Megatrends such as automation and shocks to the economy as those caused by the

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[5] Council Regulations: No 10/1960, No 14/1961, No 28/1962, No 151/1962, No 101/66/EEC, (EEC) No 1899/68, (EEC) No 2259/7, (EEC) No 328/75, (EEC) No 494/78, Regulations (EEC) No 2053/69, (EEC) No 3192/73 and (EEC) No 494/78, (EEC) No 1596/81, (EEC) No 3149/83, (EEC) No 1612/88, (EEC) No 3949/92, No 2744/95, (EC) No 23/97,

[6] The study scope covers the 27 EU Member States plus the EEA Member States of Norway, Iceland and Lichtenstein.

[7] https://ec.europa.eu/social/main.jsp?catId=113#LMD

[8] The Governing Council is the main decision-making body of the ECB. It consists of the six members of the Executive Board, plus the governors of the national central banks of the 19 euro area countries.

[9] For instance: https://www.ecb.europa.eu/pub/economic-bulletin/html/eb201801.en.html#IDofArticle1, https://www.ecb.europa.eu/pub/economic-bulletin/articles/2021/html/ecb.ebart202008_02~bc749d90e7.en.html#toc7

[10] For instance: https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op232~4b89088255.en.pdf?1ccf533dc92317c07a71721418088bd4

financial crisis of 2008 or the COVID-19 pandemic show that researchers and policy makers need accurate and timely information on the functioning of labour markets, in particular LMB statistics. The COVID-19 pandemic led to decreases in the number of hours worked and vacant posts and to changes in the labour cost structure due to labour subsidies. Some groups of workers have benefitted from improved employment conditions, including increased earnings, while others have seen their employment prospects and conditions decline. This also had an impact on labour shortages and the relative earnings levels of employees.

LMB indicators are used to monitor important European policies such as the EPSR[11] or the SDG[12]. In particular, the gender pay gap (GPG) is an SDG indicator under Goal 5 "gender equality" and is part of the EPSR dashboard, under the 'Fair working conditions' (Principle 6: "wages").

Over time, the policy context for LMB has steadily evolved. In 2009, the Commission released a Communication to the European Parliament and the Council giving its vision for the production method of EU statistics for the decade (2010-2020)[13]. This document has explored the key changes in the business environment of the European Statistical System, and the implications for policymaking. It highlighted the importance of having an integrated system that allows countries to gather data from different sources, increasing the availability and reach of the analysis. It also highlighted the importance of increasing the quality of the data, considering that many external sources do not match the expected requirements for European statistics. In 2014, the Commission (Eurostat) began the process of modernising social statistics. This led to the adoption of the framework regulation for European statistics relating to persons and households, based on data at individual level collected from samples of persons and households[14]. In parallel, on 27 November 2019, the European Parliament and the Council adopted the Regulation on European Business Statistics (EBS), repealing 10 legal acts in this field. The LMB is at the intersection between both domains, belonging to social statistics in terms of topic covered and to business statistics according to the type of respondents (enterprises). This initiative on LMB should be seen as completing the modernisation round of social statistics.

Current issues with LMB statistics

As recognised by the evaluation, LMB statistics allow collecting high quality information that are widely used for the intended purposes. The strengths of LMB statistics lie in their coherence, efficiency, comparability and the fact that they are well established, reliable and widely used by organisations and policy makers at all levels. Moreover, no alternative data at the EU or wider levels exist.

However, some shortcomings that were already identified at the time of adoption of the legal acts were differently approached (by requiring feasibility studies that lead to amendment of the legislation, by making available financial support for creating the capabilities needed to give effect to the legal base), and in the case of some data collections not sufficiently resolved. They mainly concern the partial coverage of LMB data on earnings which limits their use for policy purposes.

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[11] https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights_en
[12] https://ec.europa.eu/eurostat/web/sdi/overview
[13] https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0404:FIN:EN:PDF .
[14] Regulation (EU) 2019/1700 of the European Parliament and of the Council of 10 October 2019 establishing a common framework for European statistics relating to persons and households, based on data at individual level collected from samples […] (Text with EEA relevance) (OJ L 261I, 14.10.2019, p. 1)

For several EU Member States, structure of earnings survey and/or labour cost survey do not cover enterprises with one to nine employees or part of the public sector (NACE Rev. 2 section O: 'Public administration, defence, compulsory social security'). This creates biases in key statistics such as the average earnings and labour costs and therefore, for the gender pay gap as well (see Table 1).

Table 1. Gender pay gap by size class of the enterprise, 2018

	Enterprises employing 10 and more persons	Enterprises employing 1 and more persons	Enterprises employing from 1 to 9 persons
Belgium	5.8	:	:
Bulgaria	14.0	14.4	11.7
Czechia	19.7	18.3	4.0
Denmark	14.6	:	:
Germany	20.1	20.6	15.9
Estonia	21.8	18.3	8.1
Ireland	11.3	10.1	6.6
Greece	10.7	:	:
Spain	11.9	12.4	13.4
France	16.7	:	:
Croatia	11.4	:	:
Italy	5.5	:	:
Cyprus	10.4	9.6	14.4
Latvia	19.5	17.3	8.8
Lithuania	14.0	11.9	2.0
Luxembourg	1.4	:	:
Hungary	14.2	:	:
Malta	13.0	:	:
Netherlands	14.7	16.4	25.8
Austria	20.4	:	:
Poland	8.5	:	:
Portugal	8.8	:	:
Romania	2.2	:	:
Slovenia	9.3	7.2	1.4
Slovakia	19.8	19.3	8.3
Finland	16.9	:	:
Sweden	12.1	:	:
Iceland	13.8	:	:
Norway	13.2	13.0	10.9
Switzerland	18.6	19.1	21.0

Source: Eurostat, calculation based on the SES 2018

Those limitations became more visible further to the recent policy developments in the areas of equality, skills, working conditions and monetary union monitoring to which the data at the EU level is essential and provides clear added value.

For instance, the monitoring of the new directive[15] on adequate minimum wages requires unbiased estimates of the median wages as a (country-specific) benchmark. This requires that Structure of Earnings data cover all segments of the economy, including enterprises with less than 9 employees and the public sector, whose importance varies across EU countries.

[15] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022L2041

In other respects, the lack of a legal obligation to provide information on gender pay gap (GPG) became more problematic as the current data collection is voluntary and does not cover all EU countries nor all GPG variables. This brings a risk factor for the monitoring of principle 2 ('Gender equality') of the European Pillar of Social Rights.

The frequency of SES and LCS is not sufficient anymore for a number of users and the timeliness of the LCI, SES and LCS need to be improved.

Moreover, some stakeholders consulted in the public consultation and interviews, expressed needs for more breakdowns (e.g., ISCO or NUTS) or additional variables, allowing a better analysis of wage determinants including for the gender pay gap. In the interviews, they shared the view that it would be beneficial to assess innovative data collection methods (e.g., web scraping for job vacancies), that have the potential to decrease the burden on data providers, provided they ensure sufficient quality.

The evaluation has shown that those shortcomings reduce the relevance, effectiveness, coherence and comparability of statistics across Member States, with negative impacts for decision-making based on them.

2. PROBLEM DEFINITION

2.1. What is/are the problems?

The evaluation identified issues that could be structured around three main problems.

Problem 1: LMB statistics does not address new needs, sources and methods.

The current legal framework does not cover new and emerging users' needs. For example, policy users expressed a growing interest in data on the skills of the employees (the occupation data collected at the detailed levels of the ISCO classification can be used as a proxy for skills) and their net earnings (e.g. to monitor the purchasing power of low wage and of minimum wage earners). LMB also miss a quarterly index of hours worked that would have allowed monitoring the impact of COVID-19 and other possible crises on the volume of work. Job vacancy statistics by region and occupation are not available either, except for a few EU countries. These were deemed crucial to build more comparable vacancy data, estimate needs and assess job shortages at the regional level.

At the moment, the data collection framework is not flexible enough to allow for adjusting new variables or the timeliness of statistics. There is also growing interest in non-discrimination and gender equality, but the collection of gender pay gap data is currently collected voluntarily and not delivered by all Member States. This results in data that are not as precise and comparable as possible or required by some data users. Moreover, data on the earnings of people with disabilities are not collected, even those based on a national (non-harmonised) concept of disability. This fails in supporting users in making evidence-based policies and to follow the requirements of Article 8 TFEU and the UN Convention on the Rights of Persons with Disabilities.

Users are also seeking timelier data, for some LMB statistics, namely more frequent data collections and releases (note that the frequency of collection and release currently varies by type of LMB statistics) and/or that statistics become available faster.

Another emerging trend not fully considered in the current LMB framework is the use of administrative data. Several Member States are making increasing uses of this type of source. This

facilitates more frequent data collection (e.g., quarterly). The current legal framework is not, however, able to accommodate appropriate quality reporting for this type of data across Member States.

Therefore, some user needs are likely to remain unmet, representing a missed opportunity to maximise the impact of LMB statistics across stakeholders and especially policy makers and researchers making use of this data. The provision of data closer to users' needs, coordinated across the Member States, would provide policymakers with the opportunity to make more rapid and reliable assessments and respond quicker to changing issues/needs.

Problem 2: LMB statistics do not capture important actors or phenomena of the EU economy

As the current data collection on the gender pay gap is voluntary, some Member States do not provide the data, or only partially so that estimates are not fully available for comparisons across countries and time. This hampers users to have a full overview of gender pay disparities across EU countries and act in order to promote equality between men and women as requested by article 10 TFEU, SDG 5 and the second principle of the European Pillar of Social Rights.

Interviewed stakeholders representing users stressed that extending the coverage of LMB statistics to micro enterprises would also be important, at least for the main variables of SES, and to the public sector as no coverage of these impacts the proportion of minimum wage earners and low-wage workers. This would also correct the existing biases in key figures such as the mean and median earnings which are used in many policy indicators such as the minimum wage to median earnings ratio ('Kaitz index'). Covering only part of the economy also distorts derived indicators such as the gender pay gap. It prevents users from analysing the adequacy of wages in the public sector and assessing the corresponding wage policies of EU governments.

Similarly, adding more variables in structure of earnings survey would enrich the scope and depth of analysis and modelling based on this data source. This would allow refining further the existing decompositions of the unadjusted gender pay gap which face limitations in possibility for disaggregation (not accounting for wage penalties related to family situation, career breaks, etc.).

Problem 3: LMB statistics are not aligned with related statistical domains

The evaluation results show that the current legal framework can be further improved to align with other EU policies and legislations as those that are new or evolved since the LMB legislation adoption. For instance, more pressing needs have emerged with the adoption of the new directive on minimum wage adequacy[16]. It becomes even more important than before to collect and publish mean and median earnings for the whole economy, as a benchmark for minimum wage levels. It is also useful to develop concepts such as the net wages received by employees after deduction of all social contributions.

The same applies to recent developments on gender equality, for which the gender pay gap has become a prominent indicator and should be possibly adjusted for all social contributions and more precise estimates of the skills levels.

Due to the time elapsed since the adoption of the current LMB legislation, the latter is no longer aligned on the latest versions of the related legal texts. This concerns in particular the latest edition

[16] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2041

of the European System of Accounts (ESA 2010[17]) which defines the main concepts (e.g. notions of employees, labour costs, wages) used in labour statistics. It is also relevant for European Business Statistics[18] whose general concepts have been updated with the adoption of the revised framework regulation and implementing acts.

A few stakeholders highlighted some issues of consistency in terminologies used across Member States. This was mentioned for example about labour costs, namely, the elements included capturing social security contribution. Similarly, other stakeholders mentioned some inconsistencies in collective agreement across different countries.

Coherence between different data collections is another dimension of quality as it is fundamental to address multi-dimensional issues. The fragmented legal framework poses an immediate risk of the lack of coherence and comparability between data collections.

Stakeholders affected

The persistence of the problems affects users of the LMB statistics who do not have the evidence that meets their demands and those of policy makers that miss it for an efficient decision-making process. Ultimately, EU citizens could be considered not to be able to fully capitalise on high quality research and efficient policies.

The next section explains more in detail these problems and assesses how significant they are in terms of scale and impact. It also examines the main drivers leading to the problems and reflects on the expected evolution of the problems in the absence of targeted action.

2.2. What are the problem drivers?

Each of the problems has specific causes, also known as drivers. The main causes of the problems identified so far are grouped under each problem. That is, each problem has specific drivers.

For each problem, the list of all relevant drivers is detailed in the next paragraphs.

Problem 1: LMB statistics do not address new needs, sources and methods

D1 – LMB statistics do not cover emerging needs

Over the time, policy data users alerted Eurostat that there are particular variables or breakdowns missing in the LMB that would allow them better analysis and policy monitoring. In that context, also during the public consultation several improvements needed were confirmed, for instance collecting and publishing the numerator (labour costs) and the denominator (index of hours worked) of the LCI ratio for several NACE aggregates was found crucial or highly important by 13 data users out of 35 replying to the public consultation, another 15 considered this improvement of medium importance and only 7 as low. For 5 out of 18 data producers this was unimportant, other 9 producers gave medium importance and 4 high or crucial importance. Similarly, quarterly data on the 'total number of hours worked' was needed by both types of stakeholders: data users (29 replies out of 36, of which 13 scored this improvement as crucial or highly important and 16 of medium

[17] https://ec.europa.eu/eurostat/documents/3859598/5925693/KS-02-13-269-EN.PDF/44cd9d01-bc64-40e5-bd40-d17df0c69334
[18] https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32019R2152

importance) and producers (only 7 out of 18 gave it a low importance). Those needs were confirmed in the interviews with EU policy makers (e.g. DG EMPL; DG ECFIN). For lack of this information, it was not possible to monitor the impact of the COVID-19 crisis on the volume of work. This will also be relevant for future crises.

The results of interviews with main stakeholders (in particular European policy users) confirmed that there is a set of unmet needs related to missing variables that prevent from fully adequate analysis. Regarding SES, in the interviews, policy users, in particular DG JUST, DG EMPL, expressed interest in intersectional analyses that would build on sex, age, possibly disability, etc. as far as feasible in a harmonised fashion. This would allow a better analysis of wage determinants and the refining existing adjustment of the gender pay gap. Indeed, the gender pay gap is very difficult to interpret without adjustment for the structure of the male versus female labour force in terms of occupations, economic activities, seniority, family situation, etc. Refined adjustments would therefore contribute to a better benchmarking between Member States and to the monitoring of the Gender Equality Strategy, European Pillar of Social Rights, the Sustainable Development Goals (gender pay gap is an indicator for gender equality listed under the EU SDG indicators set Goal 5: 'Gender Equality'). Collecting SES information on net earnings and detailed occupation would allow users to better monitor the promotion of equality enshrined in the Charter of Fundamental Rights. Getting data on vacancies and occupied posts (JVS) by occupation at the 2nd digit level of the ISCO classification[19] was considered crucial or highly important, in the public consultation, by 18 data users out of 31 replying the question, other 8 considered it as medium important and only 5 as unimportant. Out of 17 data producers, 7 put low importance to having JVS data by occupation. The JVS data by NUTS 2 region were found crucial or highly important by 14 out of 31 data users and 8 found this improvement as medium important. Among data producers replying to the question only 3 out of 16 found it unimportant. The JVS data by NUTS 2 region were found crucial in the interviews with DG REGIO. This data would allow identifying regional mismatches and measuring labour shortages for different skills. They would also be needed to check the quality of non-official vacancy data (online job vacancies).

Yet, the LMB statistics legal framework does not facilitate incorporating new elements on an ad-hoc approach. As underlined by the policy users at several occasions (e.g. meeting of the working groups, hearings), the new legal basis should as much as possible include the variables or breakdowns identified as 'emerging needs' and be open for future updates if the situation requires.

D2 – The quality framework of LMB statistics is not fit for the use of administrative data and innovative sources

In the past two decades, an increasing number of Member States has switched to administrative sources for the compilation of some LMB datasets, as least for some variables. In the case of the LCI, the use of administrative sources is already the standard in most countries; labour cost variables are generally taken from social security data whereas the number of hours worked is still collected via surveys. This is also the case for annual gender pay gap data which are compiled from the four-yearly SES data for the years when survey data are available and which are extrapolated with social security sources in some countries. In the latest structure of earnings survey (SES 2018),

[19]See also: https://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_NOM_DTL&StrNom=ISCO_88_CO&StrLanguageCode=EN&IntPcKey=&StrLayoutCode=HIERARCHIC

10 out of 27 Member States reported using a combination of survey data and administrative sources. Administrative sources are less common for job vacancies domain as data from public employment services tend to overestimate the real levels, some filled vacancies being still recorded in the register of vacant post.

Without incorporating this type of data into the framework of LMB, there will be an untapped potential for adding variables and breakdowns as well as reducing the cost and burden. However, increasing the use of administrative data and potential innovative data sources requires an updated quality reporting framework for documenting those sources, assessing their quality and communicating to the users.

Administrative data have not been primarily collected for statistical purposes and they only partly match the concepts to be measured. In addition, non-statistical sources may have other impacts such as the lack of timeliness (due to the administrative process before their availability). Hence, using these sources, requires specific quality assessments (e.g. in quality reports) such as on the biases introduced by the original purposes for which these data are collected and measuring the extent and impact of the biases introduced in the quality of the statistics based on them. Specific quality reporting on administrative or hybrid data sources does not exist yet for LMB statistics. The current reporting is focused on the survey collection and the quality is mainly measured through the statistical variance and on possible deviations of the statistical sample from the target population of enterprises or employees.

Similarly, the experimental work on use of innovative data sources (for instance information on online job advertisements available on the internet) showed so far that the web-scrapped data (data extracted from the internet) provide results that differ in levels from the official statistical information collected by the members states directly from the enterprises but are following roughly the same time trends. Online job advertisements do not cover all job offers but they can complement the existing statistics with further comprehensive, detailed, and timely insights into labour market trends, allowing the early identification of new emerging jobs and skills. Being a potential important source for the future, the quality of these data collected from the web should be correctly assessed. Public consultation showed that for 18 users of the data adding a description of administrative sources/registers to the SES quality report was crucial or highly important, for 13 importance was medium and for 5 low. In total 36 users replied. Only 2 out of 20 data producers considered it unimportant.

Similarly for LCS, 13 data users out of 35 were stated that adding description of administrative sources was crucial or highly important, 16 that it was moderately important and only 6 that it was not important. Only 2 data producers out of 18 who replied considered it unimportant.

In case of LCI, only 3 out of 36 data users and 3 out of 18 data producers were not interested in information on administrative sources in the quality reporting.

For JVS, 9 data users (out of 31 who replied) and 1 data producers (out of 16) considered adding information on administrative sources in the quality reporting unimportant. For 11 data producers this was crucial of highly important and for other 11 moderately important.

D3 – Some LMB statistics are not timely or frequent enough

Data that are published with a long lag after the reference period lose their relevance and usability, in particular when the observed phenomenon quickly varies over time. Expectations are also higher and, although LMB data generally comply with the deadlines, they are not considered timely or frequent enough nowadays, at least by some users.

Stakeholders expressed a view that a higher frequency of data and quicker updates of some LMB datasets are needed. In the public consultation, the timeliness and the collection frequency were two of the less positively assessed elements of the statistical quality for SES: 30 % of respondents to the public consultation were not satisfied with the frequency of the survey (18 replies out of 59) whereas 51 % expressed satisfaction (30 out of 59) and 19 % being neutral (11 replies out of 59). For LCS dissatisfaction on the frequency reached 24 % (14 replies out of 58), with 48 % expressing satisfaction (28 replies out of 58), and 28 % being neutral (16 replies). Satisfaction with frequency was much higher for GPG, JVS and LCI with dissatisfaction only amounting to 2 % for each of these.

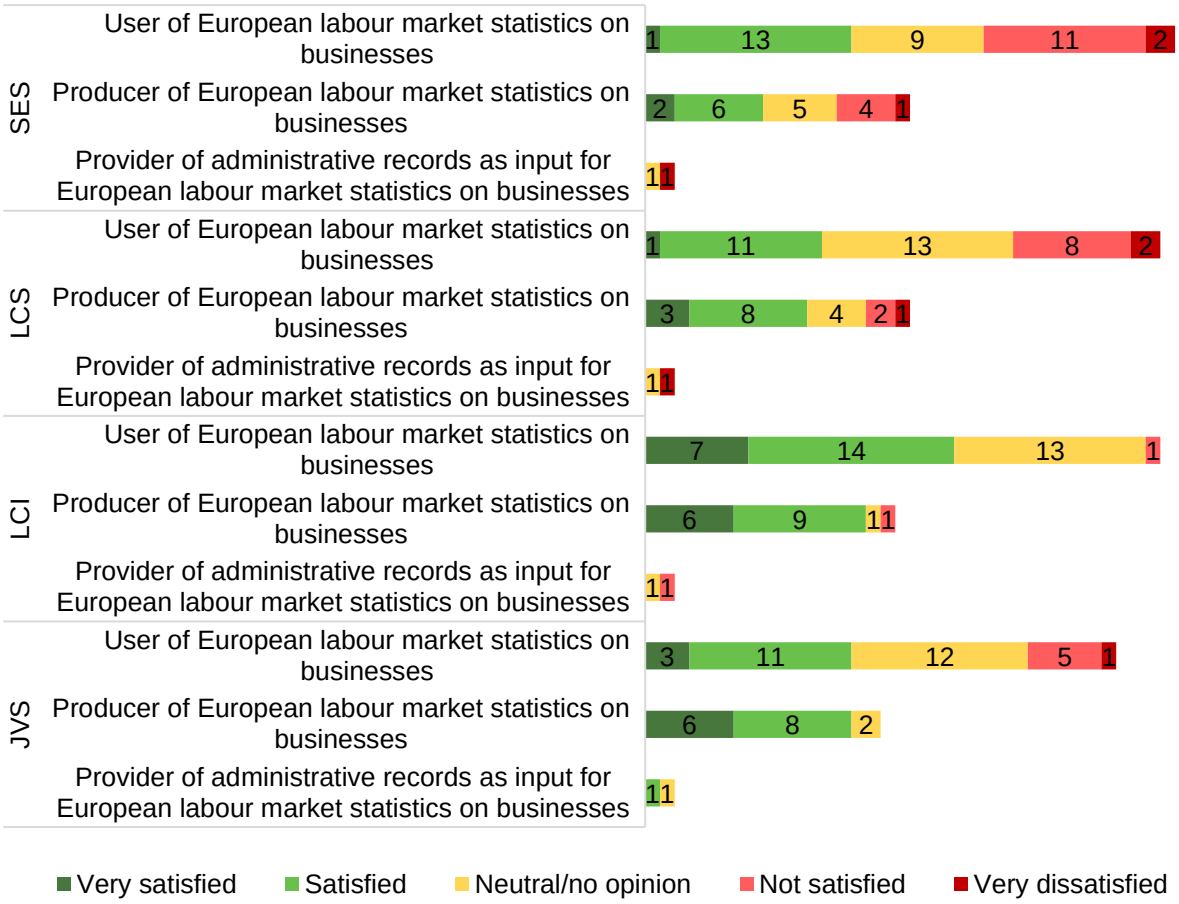
The results of the public consultation also showed that collecting SES data every 2 years instead of every 4 years, was considered crucial or highly important by 20 out of 36 data users replying this question against 7 out of 18 producers of LMB statistics. For 10 data users this improvement was of medium importance and for 10 data producers low.

At the same time, collecting LCS data every 2 years instead of every 4 years was considered crucial or highly important by 15 data users out of 33 who replied, for 10 of them it has medium and for 8 low importance. 12 out of 18 producers considered doubling frequency of LCS of low importance.

More frequent SES would provide more relevant figures for derived indicators such as the mean and median earnings. Some users (e.g. trade unions), during the stakeholders workshop, underlined this need that became crucial in time of quick changes (e.g., high inflation) to see if wages are adapted to the inflation. In addition increased SES frequency would allow more timely analysis of pay gap determinants.

Similarly to frequency, the timeliness of the SES and LCS data was also not satisfactory for 32 % of the respondents to the public consultation (19 replies), 39 % of them were satisfied (23 replies) and 29 % (17 replies) did not have an opinion.

Figure 1. Public consultation respondents' satisfaction with data timeliness across datasets



Source: Public consultation

Among the data users, almost the same number was satisfied (14) as dissatisfied (13) with SES timeliness. For the LCS, 10 users were dissatisfied with timeliness against 12 satisfied.

Satisfaction with timeliness was much higher for JVS and LCI with dissatisfaction amounting to only 6 negative replies for JVS and 1 for LCI.

Improving timeliness was considered one of the three most supported priorities for the SES and LCS in the public consultation. Improving timeliness of SES (by 5 months) was considered crucial or highly important by 22 data users out of 36 who replied the question, 10 considered it medium important and only 4 as not important. Similarly, 15 data producers out of 18 who replied thought the timeliness improvement is either highly or medium important (9 and 6 replies respectively) and only 3 that it is low. When it comes to the LCS, shortening the time of data publication by 6 months was unimportant only to 4 out of 35 data users and 4 out of 18 data producers.

The interviews with EU policy makers (DG JUST, DG EMPL, DG ECFIN) confirmed those findings that were further strengthened by the employment organisations and trade unions during the stakeholders' workshop. In particular, due to the COVID-19 pandemic and the current rise in inflation, the timeliness of data has become even more important to stakeholders. With the fast-paced changes in the labour market, stakeholders highlighted the need for more timely statistics to inform policy making. No alternative data sources exist at the EU level, therefore not addressing this issue will put in question correct and timely monitoring of EU policies LMB is used for.

Problem 2: LMB statistics do not capture important actors or phenomena of the EU economy

D4 – The public sector and micro enterprises are not captured by LMB statistics

The coverage of LMB statistics was a shortcoming identified already at the time of adoption of the legal acts. Those were differently approached (by requiring feasibility studies that lead to amendment of the legislation, by making available financial support for creating the capabilities needed to give effect to the legal base) and, in the case of some data collections, not sufficiently resolved. While there are only three Members States with difficulties in providing JVS data for the whole economy, more than half of them did not progress over time in gathering information on labour costs and structure of earnings for enterprises employing less than 10 persons or for NACE Rev. 2 section O (public administration, defence, compulsory social security), in the SES and LCS.

The economic activities required to be covered by the SES in the legislation are NACE sections B to S excluding O. Although most of the countries go beyond this requirement and provide information for section O, the lack of data from some of them prevents from calculating the EU aggregates. The above-mentioned shortcoming of the coverage of the SES influence also the comparisons of the earnings of men and women. Moreover, the section O covers enterprises that are female dominated.

Following the difference described above, the gender pay gap calculated for the whole economy (sections B to S) differs from the one in the aggregate not covering section O (sections B to S except O). The lack of the data for section O in some countries does not allow full comparisons across the EU.

Table 2. Gender pay gap by economic activity of enterprise, 2018

	Industry, construction and services (except public administration, defense, compulsory social security) - NACE B to S except O	Industry, construction and services (except activities of households as employers and extra-territorial organisations and bodies) - NACE B to S	Public administration and defence; compulsory social security - NACE O
Belgium	5.8	:	:
Bulgaria	13.9	13.6	8.3
Czechia	20.1	19.5	15.7
Denmark	14.6	14.3	9.3
Germany	20.1	19.0	6.9
Estonia	21.8	20.7	7.2
Ireland	11.3	11.4	10.8
Greece	10.4	7.4	-16.7
Spain	11.9	11.2	6.3
France	16.7	16.1	9.9
Croatia	11.4	10.9	9.2
Italy	5.5	6.2	8.6
Cyprus	10.4	11.0	13.9
Latvia	19.6	17.6	-2.8
Lithuania	14.0	13.2	5.1
Luxembourg	1.4	1.6	0.4
Hungary	14.2	13.7	6.7
Malta	13.0	11.8	-5.5
Netherlands	14.7	14.2	2.6
Austria	20.4	:	:
Poland	8.5	8.8	15.1
Portugal	8.9	:	:
Romania	2.2	1.0	2.3
Slovenia	9.3	9.0	10.4
Slovakia	19.8	19.7	19.0
Finland	16.9	16.6	13.8
Sweden	12.1	11.9	7.6
Iceland	13.8	13.6	9.6
Norway	13.2	13.4	15.8
Switzerland	18.6	18.6	17.8

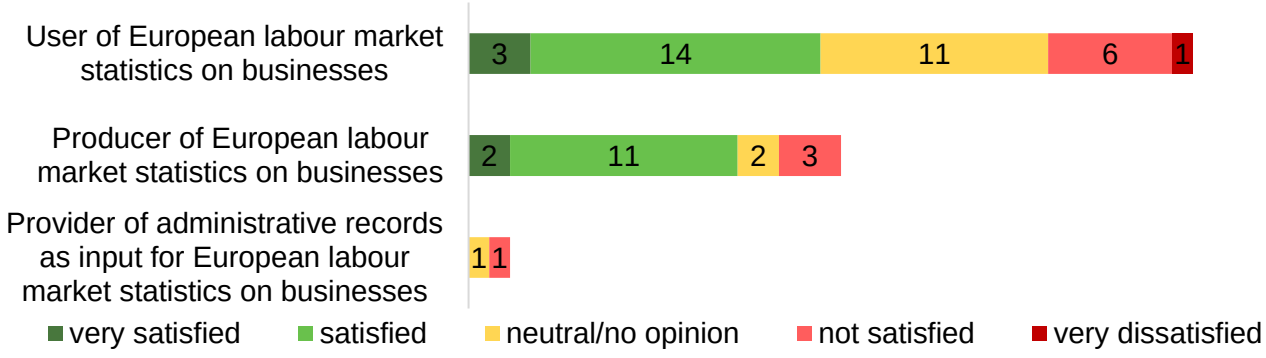
Source Eurostat, [earn_gr_gpgr2]

Extension of the coverage of the SES to micro firms was perceived as crucial or highly important by 22 out of 36 of data users replying the question, for 8 of them this improvement had low importance and for 6 medium. Out of 18 data producers, only one was considering this change unimportant.

Extension to NACE Rev. 2 section O was considered unimportant by only 5 data users and one data producer (out of 36 and 18 of them respectively). For 21 data users this change was crucial or highly important and for 10 the importance was medium. 10 data producers considered this change as crucial of highly important and 7 gave it a medium importance.

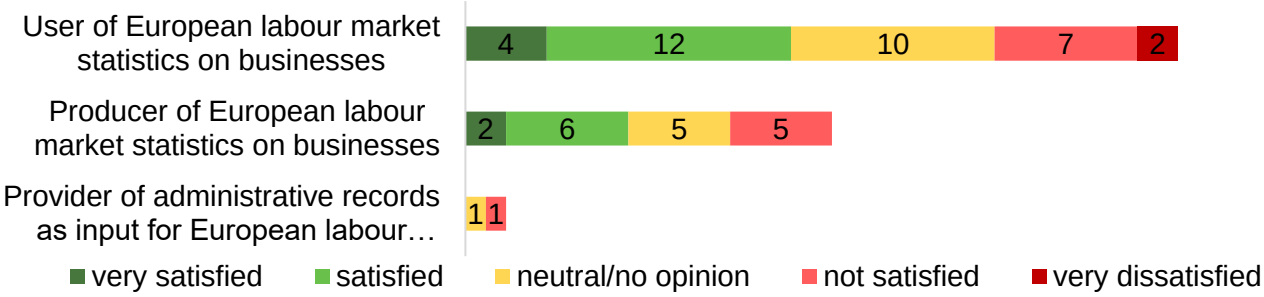
For the LCS, the level of satisfaction with the coverage was higher for size classes than for economic activities for both data users and providers.

Figure 2. Public consultation respondents' satisfaction with size classes covered by LCS (all enterprises except those with less than 10 employees)



Source: Public consultation

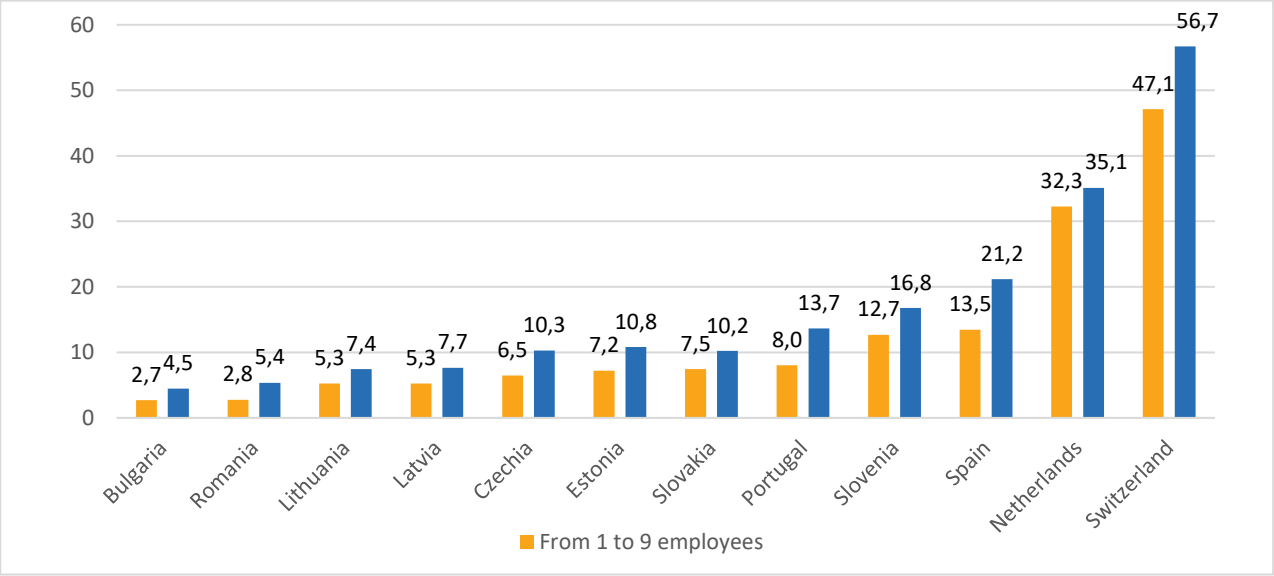
Figure 3. Public consultation respondents' satisfaction with economic activities covered by LCS



Source: Public consultation

Few countries provide LCS data for micro enterprises. Not covering all sizes of enterprises leads to biased results for the average labour costs which are generally lower in microenterprises compared with enterprises employing 10 persons and more, as illustrated in Figure 4 for the countries for which this information is available.

Figure 4. Total labour costs[20] in Euro, per employee in full-time equivalents, per hour, by size of enterprise, 2016



Source : Eurostat, [lc_ncost_r2]

Since the adoption of the LMB legislation and following the policy developments (e.g. introduction of the European Pillar of Social Rights), the data became more prominent and widely used, therefore requiring necessary improvements in quality.

For the structure of earnings survey reference year 2006, 11 Member States provided data on enterprises employing from 1 to 9 employees[21]. The situation did not improve significantly in the following waves of the survey (2010, 2014) and only 12 Member States (and 2 EFTA countries) transmitted those data in the latest data collection available for reference year 2018[22]. Similarly to the structure of earnings survey, only 11 Member States provided data for enterprises with 1 to 9 employees in the last labour costs survey (2016)[23].

Section O is covered on voluntarily basis in the structure of earning survey by 23 Members States, in labour cost survey by 22 and by 24 Members States in the JVS[24].

This illustrates that voluntarily extension of the surveys coverage did not provide satisfactory outcome.

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[20] Costs of apprentices not included

[21] Czechia, Denmark, Estonia, Spain, Cyprus, Latvia, Lithuania, Netherlands, Poland, Slovenia, Slovakia. Additionally, three MS (Ireland, Hungary and Finland) provided data for enterprises with 3 or 5 and more employees.

[22] Bulgaria, Czechia, Germany, Estonia, Ireland, Spain, Cyprus, Latvia, Lithuania, Netherlands, Slovenia, Slovakia. Additionally, Hungary and Finland provided data for enterprises with 5 and more employees.

[23] Bulgaria, Czechia, Estonia, Spain, Latvia, Lithuania, Netherlands, Portugal, Romania, Slovenia, Slovakia. Additionally, Hungary and Ireland provided data for enterprises with 3 or 5 and more employees.

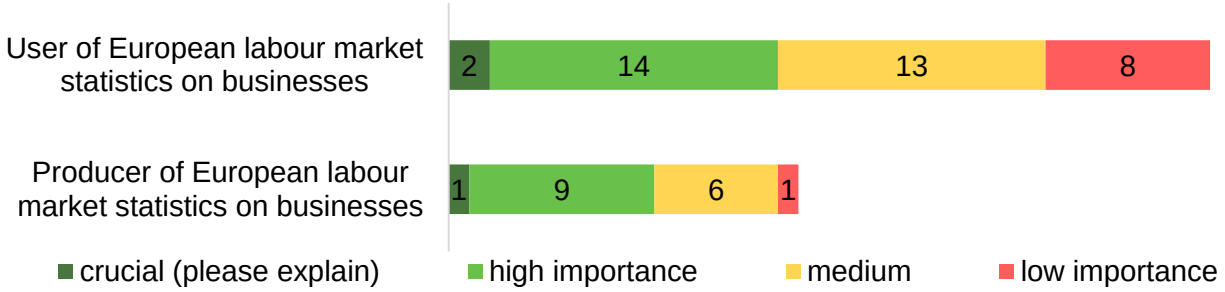
[24] In France and Italy, public institutions are not covered within the sectors of public administration, education and human health (NACE Rev. 2, sections O, P and Q) Denmark provides data for NACE sections B to N.

D5 – GPG data are provided on a voluntary basis

Data on the gender pay gap are provided by Member States on a voluntary basis leading to a partial coverage of countries (Ireland and Greece do not transmit) and statistical variables thus hampering cross-country comparisons.

More than half of LMB data producers responding to the public consultation would find it crucial or of high importance to create a legal basis for the mandatory transmission of annual adjusted GPG data. Interestingly, only one data producer found this unimportant. Out of 37 data users replying the question, only 8 found that a legal basis on GPG is not needed. In the interviews, the data users (e.g. DG EMPL, DG JUST) offered detailed examples on how the data is used and stressed it´s importance as well as the problems caused by its voluntary status (e.g. incomplete coverage). Moreover, some miss certain determinants of the pay gap (e.g. number of children, work spell, total experience) to conduct research on the gender pay gap based on available statistics. Another problem they highlighted was that the gender pay gap statistics go through sizeable revisions, when SES becomes available. Finally, the proposal for directive on pay transparency[25] requires a sustainable production of annual GPG.

Figure 5. For you, how important would it be to add the following measures to the GPG data collection process: Creating a legal basis for the mandatory transmission of annual unadjusted GPG data?



Source: Public consultation

Problem 3: LMB statistics are not fully consistent with related statistical domains

D6 – Lack of alignments with definitions, concepts and approaches in related statistical domains

The evaluation found that the current legal framework for LMB statistics is internally coherent although this could be improved further by simplifying the legal architecture (replacing the three framework regulations currently in force by a consolidated text). This unified legal framework would benefit from systematic references to the corresponding concepts used in closely related domains such as the National Accounts and European Business Statistics. The legislation has been updated in both domains and their methodology revised (ESA 2010, EBS regulation) since the LMB legislation has been adopted. Aligning LMB is needed with a view to foster coherence across domains and clarity to the users of LMB legislation and the statistical offices of the Member States.

[25] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021PC0093&from=EN

Moreover, the exclusion of "public administrations and defence, compulsory social security" (NACE Rev. 2 section O) from SES, leads also to a deviation from the scope used in national accounts. Civil servants and other government employees are covered in national accounts data but not always in LMB statistics.

The legal framework can also be further improved to align with other EU policies and legislations as those that are new or evolved since the LMB legislation adoption. This problem has rather limited impact on stakeholders and would be resolved by the above policy measures related to the extension of the scope of the LMB and updated referencing. Therefore, no specific policy measures addressing the alignment with other policies and legislations are needed.

2.3. Size of the problem(s)

Different problems or weaknesses identified in the evaluation of the legislation have different levels of severity that can be assessed based on the consequences of the identified shortcomings. Those mainly depend on the importance of the policy concerned and of the type of institutional user. The most important problems of the current legal framework is that it does not reflect the latest evolution of user needs and is not flexible enough to address those that will emerge in the future. This includes the fact that the gender pay gap data collection is provided on voluntary basis and therefore is not transmitted by all member states.

The timeliness of the data defined in the legislation currently in force is not sufficient anymore for the most important policy users (Problem 1). For instance, the labour cost index, could be provided to the Governing Council of the European Central Bank one month earlier than now, allowing quicker reactions to inflation/deflation risks stemming from by wages. This type of analysis and the timeliness of the LCI data have become even more crucial since inflation has regained momentum in EU economies. Timeliness and frequency of data are closely related. The data collected frequently to monitor phenomena changing quickly in time should be published almost immediately to be relevant. The data collected with lower frequency usually do not describe phenomena that are volatile but should be available with short delay to be useful for users who wait for it longer (in between the data collections). The policy users, in various occasions (expert groups meetings, hearings between the Commission services) often underlined the need for more timely and frequent LMB data. For instance, DG JUST, would need SES microdata more frequently than every four years in order to conduct detailed analyses of gender pay gap determinants.

Additional variables such as for instance career and family situation in the SES would also enhance the analysis of the gender pay gap. Similarly, information on net earnings would help good monitoring of the wages adequacy (problem 1). The indicators defined based on the LMB data are used to monitor policy initiatives that gained importance over time. For instance, the broader use of median wages data (coming from the structure of earning survey, SES) for policy monitoring, in the context of the directive on minimum wages, requires comparable data across EU countries whatever the share of SMEs in the economy or the relative size of the public versus private sectors (Problem 2). As illustrated in the evaluation report, the mean earning differs depending on the size of enterprises (Figures 1 and 9, evaluation SWD). Similarly, the current gender pay gap indicator is not provided for the whole economy as it is based on the same SES source (as illustrated in Table 1).

Moreover, the annual gender pay gap is provided on a voluntary basis only and in consequence not by all member states (Greece and Ireland do not provide data) and is on a potential risk to being discontinued.

Hence, the implementation and monitoring of the two new and very important directives on adequate minimum wages and (forthcoming) on pay transparency would not be accurate with the current LMB statistics.

2.4. How likely is the problem to persist?

LMB statistics are the only data source on the structure of earnings, labour costs and labour demand at EU level. No alternative data sources exist. Hence, without any changes, over a 10-year horizon, users' needs are likely to remain increasingly unmet, missing an opportunity for evidence-based policy and good quality research. Considering the importance of LMB statistics for policies that generate impacts (e.g., inflation, gender pay gap, labour market performance, convergence), there is room for improving the LMB evidence provided for optimal decision-making process.

For instance, the partial coverage of EU economies leads to biases in key figures used for EU policies such as the job vacancy rate or the mean and median earnings. Without a revision of the current legislation, this problem will persist as observed in the past years despite Eurostat's repetitive warnings (e.g. through the three-yearly report to EP/Council on job vacancy statistics).

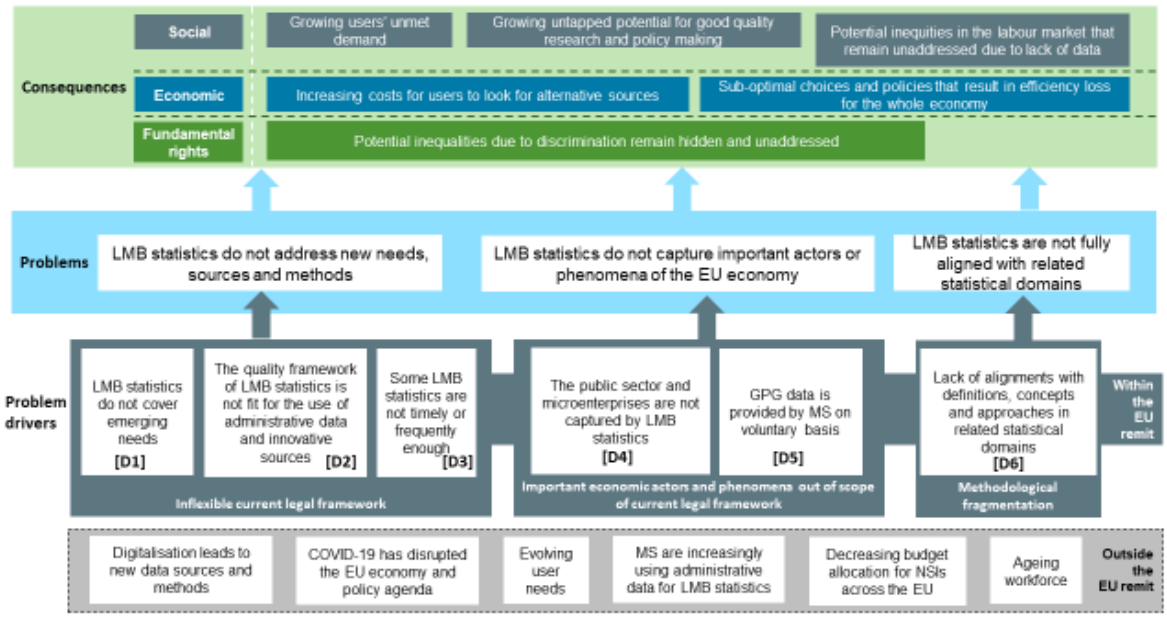
Likewise, strategic policies related to equal rights will remain sub-optimal until the annual GPG data collection is made mandatory and SES data are complemented with additional wage determinants such as detailed occupations; new variables such as net earnings and (possibly) new information on discriminated and/or segregated sub-populations such as persons with disabilities.

In economic terms, users will continue to bear additional costs and burdens to search for data that are not available at the EU level.

The problem tree

Figure 6 below shows the links of the problems and their drivers as well as their main consequences.

Figure 6. Problem tree



3. WHY SHOULD THE EU ACT?

3.1. Legal basis

The legal basis for EU intervention in the area of European statistics is Article 338 of the Treaty on the Functioning of the European Union (TFEU), which confers on the European Parliament and the Council the power to adopt measures for the production of statistics where necessary for the performance of the activities of the Union, in accordance with the ordinary legislative procedure. Article 338(2) TFEU mentions six general principles that Union statistics must follow, namely impartiality, reliability, objectivity, scientific independence, cost-effectiveness, and statistical confidentiality while not entailing excessive burdens on economic operators. These principles are defined in Article 2(a)–(f) of Regulation (EC) No. 223/2009 on European Statistics and further detailed in the European statistics Code of Practice adopted according to Article 11 of the regulation. Article 338(2) TFEU also stipulates that Union statistics shall not entail excessive burdens on economic operators. This provision, together with that of Article 338(1) TFEU, according to which statistics shall only be produced where necessary, reflect an expression of the principle of proportionality.

Article 5 of the Treaty on European Union (TEU) enshrines three principles: conferral, proportionality and subsidiarity. In line with the principle of conferral, Article 338 TFEU empowers the Union to establish European statistics, so this is a clear specific objective to be pursued at EU level.

LMB statistics are part of the European statistics which are framed by Article 338 of the Treaty on the Functioning of the European Union (TFEU) as the legal basis. This is done following the ordinary legislative procedure in which case the European Parliament and the Council adopt measures to produce statistics for the Union to deliver on its role. Hence, according to Article 338, LMB statistics must conform to standards of impartiality, reliability, objectivity, scientific independence, cost-effectiveness and statistical confidentiality.

Finally, legislative action on LMB statistics falls under supporting competences, where the principle of subsidiarity authorises an intervention of the Union only if a specific issue cannot be addressed by the individual intervention of the Member States and provided the objective can be better achieved “by reason of the scale and effects of the proposed action” at EU level.

In this context, this section assesses whether a revision of the current legal framework governing European statistics on labour market on businesses is appropriate and justified, in view of its purpose to ensure high-quality data on the EU in line with the statistical principles and quality criteria applicable to European statistics.

3.2. Subsidiarity: Necessity of EU action

Currently, LMB data collections are undertaken under three separate Regulations that do not sufficiently address new needs; sources and methods neither cover important actors of the EU economy.

Voluntary data collections are appropriate instruments to pilot the production of new topics or characteristics, and to foster the incremental capability of national statistical systems to provide such new data. However, they tend to become inefficient over time as recurrent production costs

eventually fail to generate substantial EU value added in terms of completeness and timeliness for all Member States.

The ESS provides an infrastructure for statistical information needed at the EU level. The system is designed to meet the needs of multiple users for decision-making in democratic societies. It complements the national needs assuring harmonised approaches and data comparability without duplicating the effort. The action does not go beyond the necessary activities of ESS partners while better ensuring the quality and comparability of statistics. Among the main criteria to be fulfilled by official statistics are consistency and comparability. Member States cannot achieve those criteria without a clear European framework, that is to say Union legislation laying down the common statistical concepts and transmission requirements.

In light of the variety of measures adopted at national level and given that providing a robust legal framework for the collection of LMB statistics is essential to maintain relevant and comparable statistics at EU level based on harmonised concepts and approaches to methodology, further action at EU level is justified. Moreover, while some problems are limited to some countries (e.g., coverage of JVS statistics incomplete in DK, FR, IT only), the general problems and requests from stakeholders apply to all Member States.

Moreover, the legislative action is necessary and proportionate as the problems identified can only be solved via the appropriate EU legislation and have a genuine EU-wide scope clearly linked to gaps of the current legislation (section 2). Without further EU legislative action, these problems will persist.

3.3. Subsidiarity: Added value of EU action

The added value of complete and comparable LMB statistics lies in their important input to feed into strategic EU policies (monetary and economic policies, Gender Equality Strategy, the European Pillar of Social Rights, Sustainable Development Goals). LMB statistics are also designed to meet the needs of multiple users, for the purpose of decision-making at all levels in the EU, as well as research and informing the general public.

For this purpose, statistics that are consistent and comparable across EU Member States are required. Coordinated action is essential to deliver coherent, reliable, timely and comparable data based on harmonised concepts. It is clear that without a European framework, Member States would not achieve the same results in terms of data, harmonised methodology and comparability of outputs and consistence, which can only be fully achieved by way of EU action.

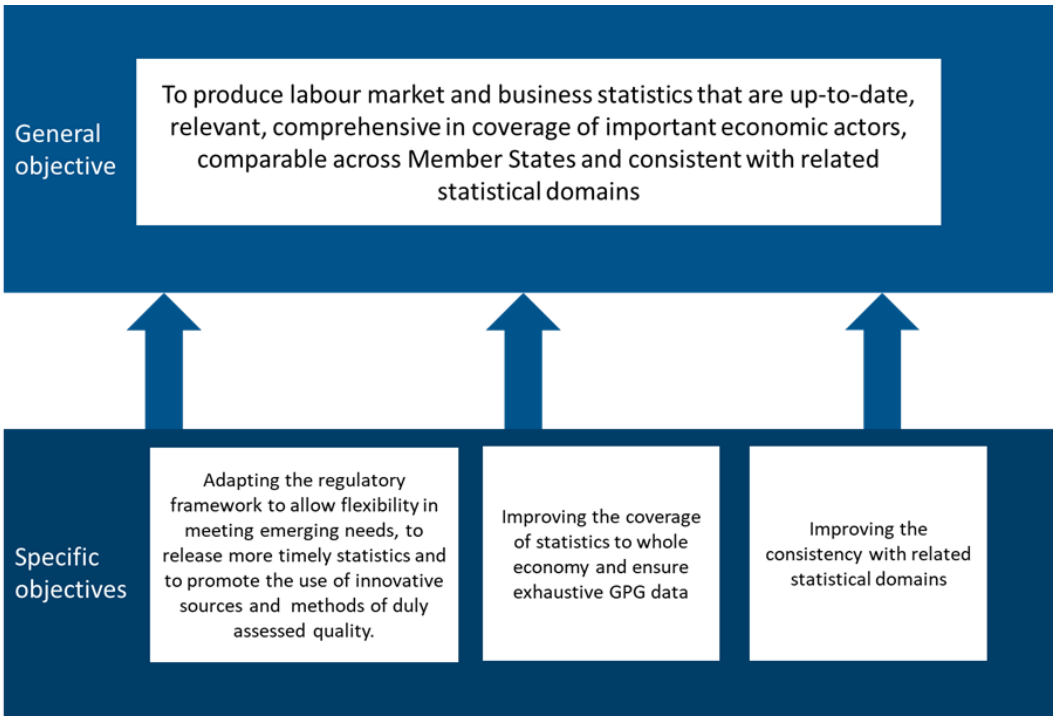
Moreover, in order to ensure compliant provision of national data, a regulation is the most adapted type of EU action

Therefore, actions within this area will respect the principle of subsidiarity as framed by Article 5 of the TFEU.

4. OBJECTIVES: WHAT IS TO BE ACHIEVED?

Figure 7 sets out the main objective and specific objectives. There are no clear trade-offs between specific objectives. Each of them is quite distinct on a specific strand of actions to achieve the general objective.

Figure 7. Objective tree



Source: ICF

4.1. General objectives

The general objective of the action is to produce labour market and business statistics that are up-to-date, relevant, comprehensive in coverage of important economic actors, comparable across Member States and consistent with related statistical domains. It answers in the LMB domain the requirements of Article 338 TFEU for the production of statistics where necessary for the performance of the activities of the Union, in line with its principles of high quality and non-excessive burden.

4.2. Specific objectives

The general objective is made of 3 specific objectives:

- Adapting the regulatory framework to allow flexibility in meeting emerging needs, to release more timely statistics and to promote the use of innovative sources and methods of duly assessed quality
- Improving the coverage of statistics to the whole economy and ensure exhaustive GPG data
- Improving the consistency with related statistical domains

Table 3 shows the connection between problem drivers and specific objectives. In other words, each driver could be seen as an obstacle to achieve the objectives. To the extent policy options would address drivers and problems, these would be helping to achieve the objectives.

Table 3. The problems and its drivers are obstacles to achieve the strategic and general objectives

Problem drivers	Specific objectives	General objectives
[D1] LMB statistics do not cover emerging needs	Adapting the regulatory framework to allow flexibility in meeting emerging needs, to release more timely statistics and to promote the use of innovative sources and methods of duly assessed quality.	To produce labour market and business statistics that are up-to-date, relevant, comprehensive in coverage of important economic actors, comparable across Member States and consistent with related statistical domains
[D2] The quality framework of LMB statistics is not fit for the use of administrative data and innovative sources		
[D3] Some LMB statistics are not timely or frequently enough		
[D4] The public sector and micro enterprises are not captured by LMB statistics	Improving the coverage of statistics to whole economy and ensure exhaustive GPG data	
[D5] GPG data are provided by MS on a voluntary basis		
[D6] Lack of alignments with concepts and approaches in related statistical domains	Improving the consistency with related statistical domains	

Consistency with other EU policy objectives

As highlighted in the effectiveness part of the evaluation, the objectives of this intervention contribute to different European flagships:

- European Employment Strategy (2005/600/EC);
- Principle 6 of the European Pillar of Social Rights.
- Directive on equal opportunities and equal treatment between men and women in employment and occupation (2006/54/EC)
- Directive on adequate minimum wages (EU) 2022/2041,
- Commission proposal for EP and Council Directive on pay transparency;

The policy options will also be assessed on these criteria.

5. WHAT ARE THE AVAILABLE POLICY OPTIONS?

5.1. What is the baseline from which options are assessed?

In the baseline scenario, no action is taken. The current legal framework of LMB statistics divided into 3 different basic acts would continue to exist with the shortcomings described in the previous sections. In the baseline scenario there is no EU policy change and it does not require any particular measure or action. Hence, this is an extrapolation within the next 10 years of what would happen in a 'no-change' scenario. This scenario implies consequences for stakeholders as described in the problem definition, that is, economic, social and any other relevant impacts.

5.2. Description of the policy options

In order to set up policy options, an exhaustive list of all possible measures identified during preparatory work with NSIs, the Public Consultation and stakeholders' consultation was set up for each data collection. In a second step, measures are bundled into regulatory frameworks or policy options and clustered by related policy drivers.

Policy measures

The policy measures are structured around the data collections to be regulated, amended or updated.

Job vacancies (JVS);

Labour cost index (LCI);

Labour cost survey (LCS);

Structure of earnings survey (SES); and

Gender pay gap (GPG).

The list of measures is presented in the table 4.

Table 4. List of measures by data collection

Code	Description
SES 1	NACE Rev. 2 section O mandatory in SES
SES 2	Extending SES to micro firms (1-9) for main information only
SES 3	Timeliness = T+16 months (instead of T+18 months), for SES
SES 4	Extending SES to micro firms (1-9) collecting all SES information
SES 5	Frequency of SES = bi-annual (instead of 4-yearly), between LCS years
SES 6	Timeliness = T+11 months (instead of T + 18 months) with reference month changed from October to February or April, for SES
SES 7	Collecting in SES set of new variables identified at the preparatory work stage and emerging from the evaluation[26]
SES 8	Improved quality reporting of SES to cover elements assessing new data sources
LCS 1	NACE Rev. 2 section O mandatory in LCS[27]
LCS 2	Extending LCS to micro firms (1-9)
LCS 3	Timeliness = T+15 months (instead of T + 18 months), for SES
LCS 4	Frequency of LCS = bi-annual (instead of 4-yearly), between SES years
LCS 5	Improved quality reporting of LCS to cover elements assessing new data sources
LCI 1	Flash LCI at T+45 days for large ('flash') countries
LCI 2	Timeliness = T+65 days (instead of T+70) for small ('non-flash') countries; Full NACE breakdown at t+65 days for all countries, for LCI
LCI 3	Indices of hours worked/labour costs for NACE aggregates: B to E, F, G to N, B to N, O to S and B to S, for LCI

[26] Possible variables to consider at the level of secondary legislation: occupation at ISCO-3 digits, net earnings, gross earnings in kind, disability status of employees, career breaks of employees, number of employee's dependent children, institutional sector of the enterprise.

[27] In addition limiting the collection of labour cost survey data on apprentices to countries where they represent less than 1% of the total number of employees will serve as a simplification measure.

Code	Description
LCI 4	Improved quality reporting of LCI to cover elements assessing new data sources
JVS 1	Full coverage of the economy in JVS including micro firms (1-9), public institutions and the non-business economy (NACE Rev. 2 O to S)
JVS 2	JVS data available by region and occupation
JVS 3	Improved quality reporting of JVS to cover elements assessing new data sources
GPG 1	Create a legal basis for the mandatory transmission of annual unadjusted GPG data
GPG 2	Improved quality reporting of GPG to cover elements assessing new data sources
All 1	Improved harmonisation and synchronisation of planning

Policy options

We present in the following a list of options that correspond to different level of ambitions, but also costs and burden, for the LMB review subject to this impact assessment.

Options are defined as a set of individual measures, from those described in the previous part of the document, that would meet the user requirements identified in the evaluation and in the 'problem definition' part of this document.

In order to make grouping of the various measures into policy options, a first feasibility assessment of each individual topic and measure was carried out. This process involved assessing how the topics and measures relate to one another (mutually exclusive or complementary), and an initial screening of their likely effectiveness, as well as their technical, operational, economic and legal feasibility. Based on this assessment and in order to integrate the various policy measures in a meaningful set of policy options that would offer a choice to the policymaker, a realistic selection based on the hard or soft nature of the requirement was carried out. This builds on the distinction between required measures and voluntary measures on the one hand, and the extent to which measures were included at all in the option. Two categories of policy measures shall be tackled at the level of secondary legislation, namely those on improved quality reporting and on emerging needs for variables and breakdowns. Hence, in the description of policy options, they are grouped in only two sets of combined measures on quality and emerging needs respectively.

The policy options range from the least ambitious ('option 1') – implementing most improvement measures but without legal enforcement ("soft" non-mandatory / voluntary measures) except for the annual GPG - to the most ambitious and costly ('option 3') - whereby all improvement measures identified in the evaluation would be implemented through legally binding provisions. Option 2 would enforce only a selected set of improvement measures. Options 1 to 3 are defined under one legislative act that will be an umbrella bringing together all current three LMB related primary legislations.

Finally, option 4 is the "conservative" option offering changes in every relevant framework regulation. It keeps the three exiting framework regulations and accommodates changes in their context when possible. It is further presented under part 5.2.4 but was discarded at an early stage as explained under part 5.3.

The baseline (option 0) and policy options 1 to 3 are detailed in Table 5 and in the following paragraphs. In this table the selection of measures is indicated according the following labels:

- Full regulatory approach with binding measures set in EU legislation are marked as **"Full"**

- Soft regulatory approach with non-binding measures set in EU legislation resulting with MS data transmitted on a voluntary basis is marked as **“Soft”.**

- Measures not included under this policy option are marked as **“Not included”.**

Table 5. Proposed policy options 0 to 3 clustered by drivers they address

		Option 0: no further EU action	Option 1: Reliance on the voluntary nature of contributions	Option 2: High coverage, better timeliness and other measures	Option 3: Highest coverage and increased frequency
	Improving consistency with related statistical domains (synchronised planning and flexibility)/D6	**Single new framework regulation**	**Single new framework regulation**	**Single new framework regulation**	**Single new framework regulation**
All 1	New framework regulation (Improved harmonisation and synchronisation of planning)	Not included	Full	Full	Full
	Making GPG data collection compulsory/D5		**GPG regulated**	**GPG regulated**	**GPG regulated**
GPG 1	Create a legal basis for the mandatory transmission of annual unadjusted GPG data	Not included	Full	Full	Full
	Extension of the coverage of LMB/D4		**Voluntary**	**Very high coverage**	**Full coverage and details**
SES 1	NACE Rev. 2 section O mandatory in SES	Soft	Soft	Full	Full
LCS 1	NACE Rev. 2 section O mandatory in LCS	Soft	Soft	Full	Full
SES 2	Extending SES to small firms (1-9) for main information only	Soft	Soft	Full	*Not applicable*
SES4	Extending SES to small firms (1-9) collecting all SES information	Soft	Soft	*Not applicable*	Full
LCS 2	Extending LCS to small firms (1-9)	Soft	Soft	Not included	Full
JVS 1	Including small firms (1-9) and public institutions and the non-business economy (O to S) in the JVS	Soft	Soft	Full	Full
	Improving timeliness and frequency of LMB/D3		**Better timeliness**	**High timeliness, frequency unchanged**	**Best timeliness and frequency**
SES 3	Timeliness of SES = T+16 months (instead of T+18 months)	Not included	Soft	Full	*Not applicable*
SES 6	Timeliness of SES = T+11 months (instead of T + 18 months) with reference month changed from October to February or April	Not included	Soft	*Not applicable*	Full
LCS 3	Timeliness of LCS= T+15 months (instead of T + 18 months)	Not included	Soft	Not included	Full
LCI 1	Timeliness of flash= LCI at T+45 days for large ('flash') countries, total economy	Soft	Soft	Full	Full
LCI 2	Timeliness of LCI= T+65 days (instead of T+70) for small ('non-flash') countries. Full NACE breakdown at t+65 days for all countries	Soft	Soft	Full	Full
SES 5	Frequency of SES = bi-annual (instead of 4-yearly), between LCS years	Not included	Not included	Not included	Full
LCS 4	Frequency of LCS = bi-annual (instead of 4-yearly), between SES years	Not included	Not included	Not included	Full
	Adapting quality reporting framework for use of administrative data and innovative sources/D2		**Voluntary**	**Quality reporting for all sources**	**Quality reporting for all sources**
SES 8, LCS 5, LCI 4, JVS 3, GPG 2	Quality reporting covering elements needed for assessing new data sources in all data collections	Not included	Soft	Full	Full
	Adressing emerging needs /D1		**Voluntary**	**Emerging needs for variables and breakdowns**	**Emerging needs for variables and breakdowns**
SES 7, LCI 3, JVS 2	Emerging needs related to new variables in SES, indicies for hours wokred and labour costs in LCI and more detailed breakdowns of the JVS.	Not included	Soft	Full	Full

5.2.1. Option 1: Reliance on the voluntary nature of contributions

In this option, the existing data collections and their legal obligations as foreseen in the three existing regulations are implemented under a new framework regulation. Moreover, the GPG, which is not covered by and does not fit in the scope of any of the 3 current framework regulations, is encompassed in this new framework regulation. The reason is the need of making GPG annual data collection compulsory (addressing driver five), aligning definitions, concepts and approaches as well as synchronising planning as set up by the sixth problem driver. Strong methodological links are necessary between SES and GPG (both dealing with earnings) and LCS and LCI (both dealing with labour costs).

However, selected new policy measures for improvement of the data collections requested by stakeholders will be implemented by voluntary data collections. This could be done using agreement between the NSIs or other national authorities and the Commission (Eurostat) as foreseen in the article 14 of the Regulation No 223/2009[28] by which members of the ESS agree to implementing new statistical developments / collections on a voluntary basis. It should be noted that increasing the frequency of the SES and LCS data collection on a voluntary basis was discarded as its high costs limit its implementation on a voluntary basis. Moreover, different periodicities of data collections (LCS and SES) among member states would lead to fragmentation of the statistical processing and dissemination. Only some policy measures (GPG 1 and All 1) would be enforced, in line with the approach of the new framework legal basis.

5.2.2. Option 2: High coverage, better timeliness and other measures

In this option all data collections and the annual GPG are implemented under a new framework regulation. The measures implemented will be compulsory. However, this option does not include the policy measures that have the highest impact in terms of burden and costs for businesses and NSIs. In particular the higher frequency for SES and LCS (every two-year instead of every four-year as currently) that would double the burden of these two surveys for businesses. Similarly, the coverage of micro businesses in LCS and some very ambitious improvements of timeliness are not implemented.

Namely, in this option the coverage will be extended to micro businesses for SES for the main information collected in the survey (SES 2) - while LCS will not be extended to these enterprises - measures associated to the fourth problem driver. Both, SES and LCS will be extended to cover NACE Rev. 2 section O (SES 1 and LCS 1) and JVS will cover full economy (including micro firms, public institutions and non-business economy, NACE Rev. 2 sections O to S)- JVS 1. Moreover, timeliness will be improved for the LCI for all countries (LCI 1) and larger countries will provide quick estimates allowing calculation the EU and euro area flash labour costs index twenty days earlier than the current date of T+70 days (LCI 2). For the SES, the timeliness will improve by two months (SES 3) and no improvement will take place for LCS (LCS 3 not implemented). Frequency of SES and LCS will not increase (SES 5 and LCS 4 not implemented) – measures associated to the third problem driver. All measures associated to the other policy drivers will be taken into account, including developing a legal basis for the GPG as under option 1 and covering emerging needs. Improved quality reporting will be assured for all data collections and

[28] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009R0223&from=EN

better harmonisation and planning will be assured via one framework regulation. The objectives would be partially achieved: four out of six drivers would be fully answered and two only partially.

5.2.3. Option 3: Highest coverage and increased frequency

This option intends to implement, under a new framework regulation encompassing all data collections and the annual GPG, all and best policy measures listed above, including the high frequency measures for SES and LCS (every two-year data collection for each). This option would answer exhaustively the needs for improvement and harmonisation of all LMB statistics as expressed by stakeholders.

Namely, it includes all policy measures identified, for all actions answering all the 6 policy drivers, either in terms of coverage, timeliness and high frequency, quality reporting and use of administrative data and innovative sources, alignment of concepts across LMB domains, making GPG data collection compulsory and covering emerging needs. That means, the coverage of SES and LCS would be extended to micro firms and NACE Rev. 2 section O (SES 1, LCS 1, SES 4, LCS 2) and JVS to micro firms and NACE sections O to S (JVS 1). Timeliness of SES would improve to T+11 (SES 6) and LCS to T+15 (LCS 3). All measures associated to the other policy drivers will be taken into account, including developing a legal basis for the GPG as under option 1 and 2 and emerging needs. Improved quality reporting will be assured for all data collections. And better harmonisation and planning will be assured via one framework regulation.

Framing options 2 and 3 in the secondary legislation

The framework regulation will define domains and topics for the data collections. The technical elements including the list and description of variables and breakdowns will be specified in the secondary legislation.

The detailed variables (preliminarily identified in the evaluation) or breakdowns will be a subject for secondary legislation due to high level of details and granularity as well as their very technical character. Similarly, the framework regulation in options 2 and 3 will require Member States to provide quality reports on the sources and data collection methods, while their technical elements including the content of the quality report will be defined in secondary legislation. This approach allows for updating the contents of quality reports should new specific quality dimensions become relevant.

In addition, to assure flexibility in addressing future needs, some aspects (detailed topics, their corresponding periodicity and reference periods as well as transmission deadlines) will be set out in the annex of the framework regulation with delegated powers for the Commission to adapt them. This is the usual approach for statistical legislation, and it allows for updating technical elements to cater for future emerging needs.

5.2.4. Option 4: Implement actions in the existing legal frameworks

This option would implement policy measures by amending the existing three framework regulations. While it is possible to implement a large series of measures by amending Regulation (EC) 530/1999 for SES and LCS measures, Regulation (EC) 450/2003 for LCI and Regulation (EC)

453/2008 for JVS, there will be no legal framework for regulating the annual GPG nor better harmonisation and planning.

5.3. Options discarded at an early stage

The data collections covered in the LMB statistics are interlinked. They should use the same statistical definitions and be coordinated in timing to be fully effective. For example, indicators on labour cost levels are collected every four years (direct measurement) and updated every year by using the annual labour costs index as an auxiliary variable. As another case, the yearly gender pay gap is benchmarked every four years on the results of the structure of earnings survey. This requires definitions used for wages and other labour cost components to be identical in all these datasets in order to obtain unbiased yearly estimates. Updating each framework regulation separately would be a missed opportunity to best align the common concepts used in labour market statistics. Moreover, if the legal framework remains scattered, introducing any future new concepts into one existing regulation in future would require potential reopening of the other.

Moreover, the legal basis for the mandatory transmission of the annual unadjusted GPG data does not exist so far: this indicator and does not fit in the scope of any of the three existing legal frameworks. Hence, option 4 would not allow developing this legal basis that is an important request of stakeholders and is high in the policy agenda of the EU with the proposal of Directive on pay transparency, the EPSR and the SDG.

In addition, while a large set of policy measures could be implemented in each domain, e.g., the extension of coverage requested by stakeholders, high consistency and consolidation would not be ensured across the different domains and risks of divergences in national implementations would also increase. Indeed, the legal fragmentation of the 3 existing framework regulations makes it very difficult to achieve a coordinated and consistent approach when it comes to modifications.

In addition, there is a need for better coordination of the planning. While Regulation 530/1999 ensures an alternation of SES and LCS, and LCI and JVS regulations foresee quarterly transmissions to Eurostat, a full synchronised planning including GPG is needed. Links between LCI and LCS for providing annual estimates of labour costs based on indexes as well as between the LCS and SES (and SES and GPG) for coherence of statistical concepts and quality reports for all data collections allowing a smooth repartition of the burden for NSIs would not be ensured.

Finally, the undertaken initiative to modernise and streamline LMB statistics necessitates substantive amendments to the provisions of the legislative acts currently in force and granular approach dealing with every regulation separately will be administratively highly inefficient.

On the opposite, merging regulations into one integrated framework would foster clarity and consistency for all stakeholders, in particular the national statistical institutes, data providers, institutional and policy users, researchers, students and EU citizens in general. It is the best way to ensure that data producers use the same concepts in the same manner across all LMB datasets. It is also the simplest and most transparent way to align LMB concepts on the related definitions from European Business Statistics or National Accounts.

Moreover, the flexibility for introducing requirements that will be proved to be feasible (by for instance conducting pilot studies) will also be easier to manage if LMB statistics are all consolidated in one single basic act.

Finally, as LMB data collections are usually collected by the same bodies in the member states, the integrated framework would allow a better balancing and controlling of the burden on respondents over time, including for future new needs to be implemented in the context of the new flexibility.

Taking into account all these elements, option 4 has been discarded.

The features and differences of the options considered for the analysis of their impacts are summarised in Table 6.

Table 6. Options 0 (baseline) as well as 1, 2 and 3 under a single new framework regulation main features and differences

Cluster of measures	**Option 0 (baseline)**	**Option 1**	**Option 2**	**Option 3**
GPG annual data collection	No	Compulsory	Full implementation	Full implementation
Coverage	No	Voluntary	Micro enterprises covered in SES (for main information) NACE Rev. 2 section O covered in SES and LCS. Full coverage for JVS.	Micro enterprises covered in SES (for all information) and LCS. NACE Rev. 2 section O covered in SES and LCS. Full coverage for JVS.
Timeliness and Frequency	No	Voluntary (timeliness only	Timeliness improved but limited to LCI and slightly for SES. No increase of frequency of SES and LCS	Timeliness improved for LCI, significantly for SES and moderately for LCS. The frequency of SES and LCS is doubled
Quality reporting, use of administrative data and innovative sources	No	Voluntary (compulsory for GPG)	Full implementation	Full implementation
Emerging needs	No	Voluntary	Yes	Yes

6. WHAT ARE THE IMPACTS OF THE POLICY OPTIONS?

The three policy options are assessed using a partial quantitative assessment of the efficiency of the policy options, with impacts monetised to the greatest extent possible, based on the available evidence.

Moreover, a qualitative assessment is carried out for each of the policy options covering the following criteria:

- Effectiveness;
- Coherence with the overarching objectives of EU policy and consistency with the proportionality principle;

- Efficiency;
- Impacts including on fundamental rights and wider social, environmental, digitalisation and on administrative burden of enterprises;
    - By its nature, statistics can only indirectly impact fundamental rights and contribute to social, economic developments by allowing monitoring them.
    - As the LMB statistics collects information on businesses it contributes to an administrative burden on them related to data reporting although limited.
    - Statistical processing is a beneficiary and contributor to digital development.

For the qualitative assessment, a scoring approach is defined as indicated below.

Scoring approaches used in the report

The consistency of each policy option with the principle of **proportionality** is rated as 'Pass', 'Uncertain' or 'Fail'.

The options have also been qualitatively scored against the criteria of effectiveness, coherence and efficiency Each option was scored against these three criteria using the following scoring system:

Scoring system

Level of impact	Score
Strong negative impact	--
Slight negative impact	-
No impact compared to baseline	0
Slight positive impact	+
Strong positive impact	++

The baseline has been scored as '0' against all three criteria (effectiveness, coherence and efficiency). All other options have been scored relative to this baseline using the above scoring system. The options have also been scored relative to one another. Thus, two or more options with a similar strength of impact against the same criterion have been given a tied score.

The scores and the breakpoints between them are, to the extent possible, grounded in the evidence gathered from the consultation and desk research.

Quantitative analysis of the options

Policy option 0 is the baseline scenario. The costs associated with this option are therefore an estimate of current costs, assuming these costs would remain constant over 10 years. The cost assessment of the baseline scenario has been carried out based on the evaluation results. It is important to note that the baseline costs estimated as part of this Impact Assessment are the costs associated with the current legal framework. The baseline costs estimated include all costs currently incurred to produce the various LMB datasets that could potentially be affected by the policy

measures and options proposed. Datasets not regulated and voluntary are not included in the baseline costs.

The costs assessed for policy options 1, 2 and 3 are expressed in comparison with the baseline (policy option 0). These only estimate the additional costs associated with the implementation of each of the measures/actions required under each option, over and above the baseline situation, i.e. costs that would be incurred in any option. As such, **total** costs for each option are equal to the costs reported for policy option 0 **plus** those reported for each other relevant option.

The study supporting this impact assessment has been able to assess the minimum costs expected for a number of cost items, in particular:

- EC (Eurostat):
  - one-off costs for amending the framework regulation and implementing regulations
  - Recurring costs for monitoring compliance by MS.
- MSs/NSIs
  - One-off costs for adapting the existing data collections to the new requirements under the revised LMB framework regulation
  - Recurring costs for data collections
  - One-off cost to communicate the change
  - Recurring costs for reporting to the EU

There are other cost items and cost savings involved that the study could not ascertain, which include:

- The costs of adapting IT systems to new regulations
- Indirect cost savings due to improved policymaking as a result of the changed framework regulation.

The assessment of the costs for businesses is based on a detailed study conducted by Eurostat in cooperation with the compilers (NSIs and other national authorities in charge of LMB).

Table 7 provides a high-level overview of the approximate costs. The assumptions are shown in Annex IV and V.

Table 7. Overview of costs, in Euro

	Type of costs	PO0 Baseline	PO1 Reliance on the voluntary nature of contributions	PO2 High coverage, better timeliness and other measures	PO3 Highest coverage and increased frequency
EC/ESTAT					
Developing the framework regulation and amending implementing regulations	One-off	0	28,545	35,682	42,818
Monitoring compliance	Recurring	0	8,182	12,273	13,909
MS/NSIs					
Adaptation and preparation for using the revised text of the LMB framework regulation	One-off	0	45,537	91,075	106,254
Data collections	Recurring	0	66,814	3,259,423	19,021,716
Communicate the change	One-off	0	88,315	88,315	88,315
Issuing guidance and training	One-off	0	7,081	110,394	110,394
Reporting to the EU	Recurring	0	6,900	10,349	11,729
Businesses					
Costs for participating in surveys	Recurring	0	92,365	4,618,254	38,002,583
Totals		***0***	***343,739***	***8,225,765***	***57,397,718***

Benefits such as potential cost savings or reductions in the administrative burden associated with each policy option could generally not be quantified. This depends in particular on future progress in IT and data collection techniques (such as 'web-scraping') which have not been implemented yet. These techniques are expected to decrease the LMB burden in the long run so that the estimates provided in this study should be taken as maximum amounts (caps). Estimates for the expected cost savings would be severely limited and hence add little value. In order to enable a choice to the policymaker between policy options 0 to 3, the available cost estimates and the qualitative assessments of the options are considered to be sufficient.

Many benefits on the availability, accessibility and use of LMB data sets have different effects on stakeholder groups (data users), making them challenging to define, quantify or monetise.

Analysis of the policy options

An overview of the qualitative assessment for the four options retained for the impact assessment has been carried out. It starts by an assessment of proportionality, followed by assessments of effectiveness, efficiency and coherence. A detailed scoring of the policy options is provided in the Section 2 of Annex 3.

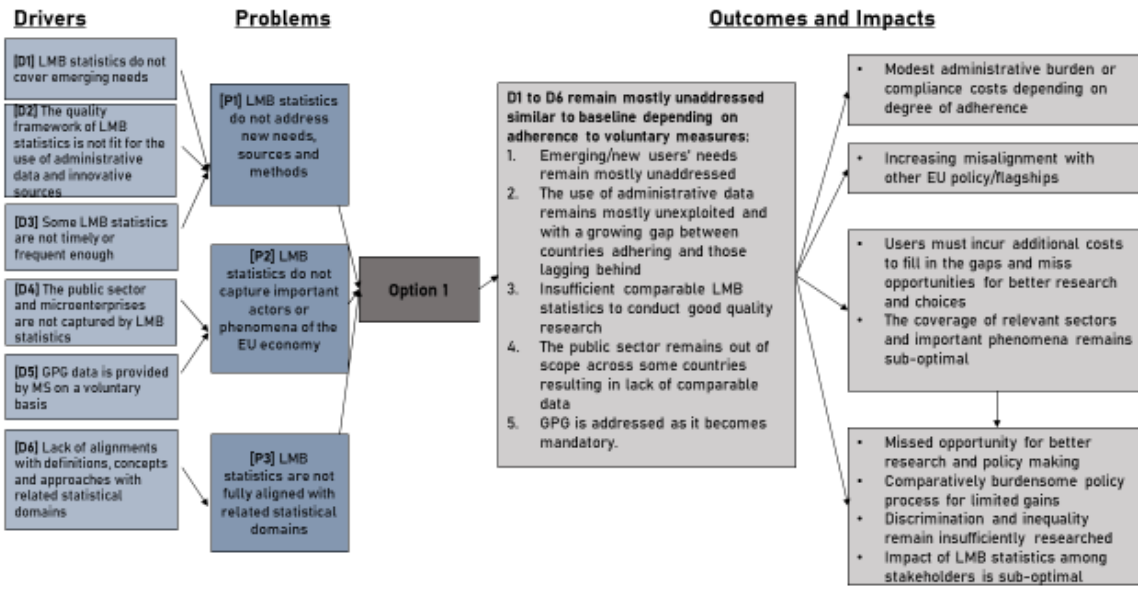
6.1. Policy option 0 (baseline): No targeted EU action

The baseline passes the criterion on consistency with the proportionality principle, however on form of action (choice of instrument) it is uncertain whether this option can deliver satisfactory achievement of the objective and effective enforcement.

All effectiveness, efficiency and coherence criteria under policy option 0 score '0' to enable meaningful comparisons with options 1, 2 and 3. For the baseline scenario there is no further EU action.

6.2. Policy option 1: Reliance on the voluntary nature of contributions

Figure 8. Intervention logic for option 1



Under policy option 1, there will be limited mandatory changes at the EU level and a larger number of voluntary changes. The measures, however, generally represent a continuation of the status quo under the baseline.

Policy option 1 passes the criterion on consistency with the proportionality principle, including choice of an instrument. This option scores "+" on effectiveness in all specific objectives. It scores "+" on impact on fundamental rights and social impact and is neutral "0" on impact on Sustainable Development Goals.

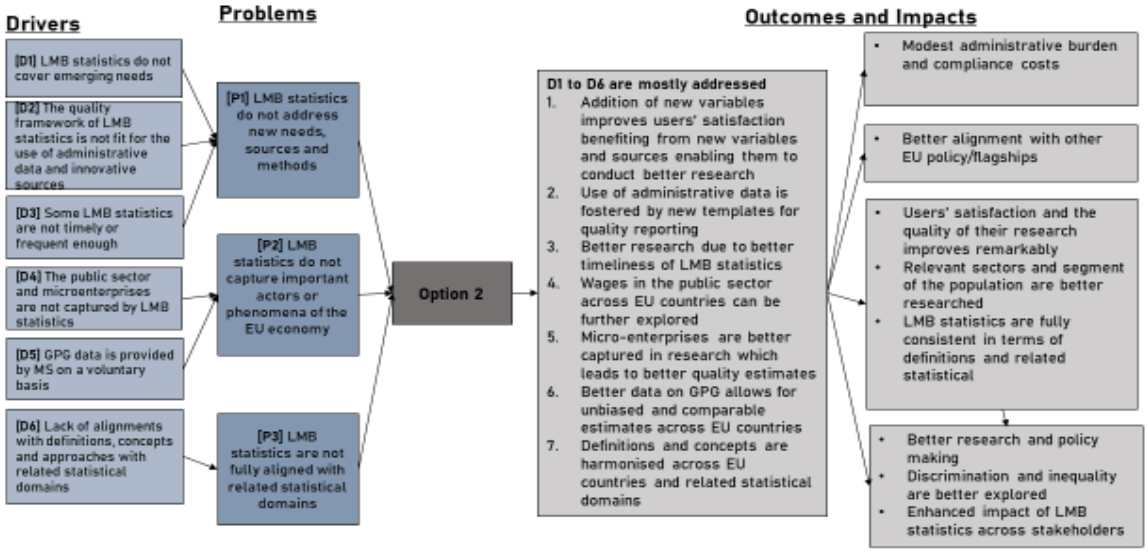
The results of the consultation on cost and burden with the NSIs and the further qualitative study showed that the introduction of a compulsory data collection on GPG would lead to an increase of costs of 34 % (+ 215 000 Euro) for this data collection. For the whole LMB, however, this means an increase of less than 1 % in total. The estimated increase in costs related to burden on enterprises would be negligible (less than 100 000 Euro). This is mainly linked to the fact that the GPG data collection is based on the existing sources and the burden is mainly on the statistical authorities to compile the data and prepare quality report.

This option would have limited effectiveness in addressing the problems identified with the current EU legal framework as, relying on national willingness, it would not ensure that improvements are implemented Union-wide. While it passes the proportionality principle simply because it is a simplification compared to the existing framework, its effects are modest and do not meet the expectations for a general review of LMB legislation. While there are some positive social impacts, the overall coherence with EU policies is not deemed well-served by this option, thus making it sub-optimal.

In summary, this option would be somewhat more effective in addressing the problems identified with the LMB framework compared to the baseline, although it still falls short from users expectations identified through the LMB evaluation exercise.

6.3. Policy option 2: High coverage, better timeliness and other measures

Figure 9. Intervention logic for option 2



As highlighted in the intervention logic, most of the drivers are addressed in option 2. It is therefore highly effective in achieving most of the policy objectives. In terms of coverage, option 2 does not foresee the extension of LCS to cover micro firms but extends SES to micro firms although only for main information (SES 2). Option 2 also offers better timeliness but the frequency remains unchanged – as with the baseline scenario (4-yearly). The option leaves limited gaps with the identified set of problems and drivers. While it is anticipated that the increase in timeliness will allow for better research and evidence from SES and LCI, the frequency of LMB statistics would not increase although this issue was often mentioned by stakeholders. Whereas cyclical indicators (JVS for labour shortages, LCI for hourly labour costs) are provided with sufficient frequency (quarterly), some users would appreciate a shorter periodicity for structural data such as the LCS and the SES. Nevertheless, option 2 would also cover important actors and segments of the population to allow for better research and policy analysis. This option also introduces new templates for the collection and quality reporting for the use of administrative data and innovative sources as well as more alignment in terms of concepts and definitions of relevant data domains including national accounts and the European business statistics.

The policy option 2 passes the criterion on consistency with the proportionality principle, including choice of an instrument. This option scores "++" on effectiveness related to specific objective 1.1 "Adapting the regulatory framework to allow flexibility in meeting emerging needs" and 1.3 "To promote the use of innovative sources and methods of duly assessed quality". It scores however "+" on specific objective 1.2 "To release more timely statistics". On specific objective 2 "Improving the coverage of statistics to the whole economy and ensure exhaustive GPG data" option 2 scores "+"

and on objective 3 “Improving the consistency with related statistical domains” it is assessed to be“++”.

Impact on fundamental rights and on Sustainable Development Goals is positive “+” and social impact “++”. Indeed, in addition to the improvements related to the gender pay gap data, the extension of the SES coverage to the micro firms and NACE Rev. 2 section O would allow better assessment of the low–wage earners and contribute to the monitoring of the directive on minimum wages adequacy. Option 2 scores “+” on coherence as it would address most of the shortcomings of the baseline in terms of coverage of the economy and answering emerging needs and further harmonisation of standards (definitions, concepts, templates for quality reports). A clear effort on collecting these types of data would better ensure meeting overarching EU objectives.

The costs for compilers and time burden on businesses on statistical reporting related to data collections were assessed based on a quantitative survey of NSIs and Other National Agencies (ONAs) in charge of LMB statistics. This was complemented by a qualitative survey of the LAbour MArket Statistics (LAMAS) working group carried out in the July-August 2022 and the study conducted for the purpose of evaluation and impact assessment.

The Table 8 provides an overview of the increase in costs for NSIs across datasets for NSIs, for policy option 2

Table 8. Increase in costs of NSIs for policy option 2

	Total annual costs of baseline for NSIs (in EUR)	Increase of NSI´s cost (in EUR)	% Increase of total NSIs´costs
JVS	5,659,238	586,191	10%
LCI	9,318,641	865,516	9%
LCS	7,185,434	529,808	7%
SES	7,386,671	1,511,227	20%
GPG	628,709	214,647	34%
Total LMB	**30,178,693**	**3,707,389**	**12%**

Overall, the increase of costs for NSIs is approximately. **12 %** (EUR 3.7 million) of which SES is the costliest with 1.5 million (20 %) followed by LCI with close to 0.9 million (9 %). Costs for mandatory data collection on GPG are marginal.

The table below provides an overview of the increase in *costs for businesses* across datasets.

Table 9. Increase in costs for businesses for policy option 2

	Total annual costs of baseline for businesses (in EUR)	Increase of businesses cost (in EUR)	% Increase of total costs of business
JVS	4,472,272	723,594	16%
LCI	12,001,564	11,935	0.1%
LCS	10,703,029	456,720	4%
SES	16,079,802	3,426,005	21%
GPG	0	92,365	na
Total LMB	**43,256,667**	**4,710,619**	**11%**

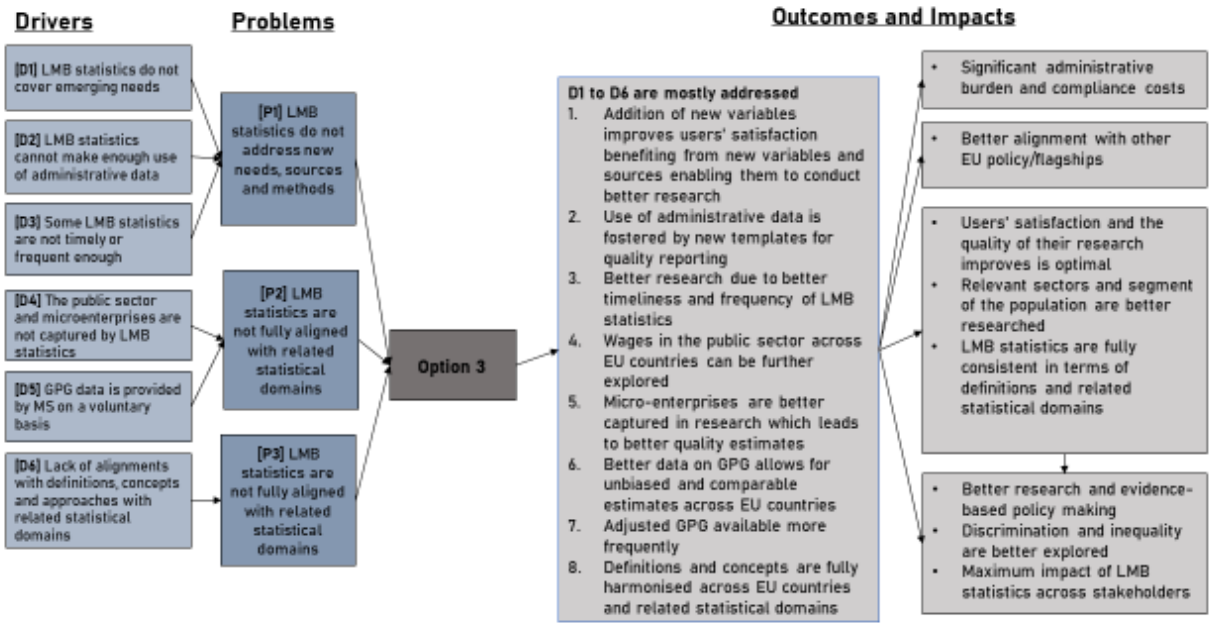
Overall, the increase on businesses amounts to approximately EUR 4.7 million **(11 %)**, of which EUR 724,000 (16 %) for JVS, EUR 12,000 (0.10 %) for LCI, EUR 457,000 (4 %) for LCS, EUR 3.43 million (21 %) for SES and EUR 92,000 for GPG.

To summarize, option 2 would create a limited increase in burden, mainly due to the extending SES to micro-firms. The costs implied (8.2 million) represent a negligible part (less than 1%) of the costs European Business Statistics (annual total costs of around 980 million Euro in 2017)[29]. The real amounts will be even smaller as ten NSIs have already extended SES to micro-firms. Therefore option 2 scores "++" on efficiency.

[29] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/1342-European-business-statistics-FRIBS-_en

6.4. Policy option 3: Highest coverage and increased frequency

Figure 10. Intervention logic for policy option 3



Option 3 fully captures all important business actors and allows for the monitoring of socio-economic phenomena across the whole EU economy. It leaves no meaningful gaps with the identified set of problems and drivers.

The extension of both the SES and LCS scope to micro-firms would also fill in the existing data gaps for this part of the economy. The addition of new data, improvements in timeliness, increased frequency of SES and LCS and alignment of definitions would result in more complete full filling users' needs leading to better evidence-based policy making with issues such as discrimination and inequalities being better covered by European official statistics. All these improvements would significantly enhance the scope and depth of policy research on earnings, labour costs and labour shortages.

The policy option 3 passes the criterion on consistency with the proportionality principle, including choice of an instrument. However, the increased frequency and timeliness entail sustained further efforts that may, strictly speaking, not all be necessary to meet objectives of the initiative. Therefore the option is uncertain to pass on the criterion of costs being commensurate with the objective of the initiative.

This option scores "++" on effectiveness related to specific objective 1.1 "Adapting the regulatory framework to allow flexibility in meeting emerging needs", objective 1.2 "To release more timely statistics" and 1.3 "To promote the use of innovative sources and methods of duly assessed quality".

On specific objective 2 “Improving the coverage of statistics to whole economy and ensure exhaustive GPG data” option 3 scores “++” and on objective 3 “Improving the consistency with related statistical domains” it is assessed to be“++”.

Impact on fundamental rights, social impact and on Sustainable Development Goals is highly positive “++”.

Option 3 scores “+” on coherence as it would address most of the shortcomings of the baseline in terms of coverage of the economy and answering emerging needs and further harmonisation of standards (definitions, concepts, templates for quality reports). A clear effort at collecting these types of data would better ensure meeting overarching EU objectives.

The table below provides an overview of the increase in costs for NSI’s across datasets, for policy option 3

Table 10. Increase in costs for NSIs for policy option 3

	Total costs of baseline for NSIs (in EUR)	Increase of NSI´s cost (in EUR)	% Increase of Total costs
JVS	5,659,238	2,198,958	39%
LCI	9,318,641	1,379,390	15%
LCS	7,185,434	8,348,942	116%
SES	7,386,671	7,409,460	100%
GPG	628,709	1,658	0%
Total LMB	**30,178,693**	**19,338,408**	**64%**

The total cost of NSIs as reported in the Eurostat’s costs and burdens study suggests an overall increase of around + €19 million **(+64%)** of LMB statistics for policy option 3 as compared to the baseline. The higher increase would be for LCS 8.3 million (116 %), followed by SES (100%, +7.4. million).

The table below provides an overview of the increase in *costs for businesses* across datasets.

Table 11. Increase in costs for businesses for policy option 3

	Total costs of baseline for businesses (in EUR)	Increase of businesses cost (in EUR)	% Increase of total costs of businesses
JVS	4,472,272	2,715,790	61%
LCI	12,001,564	11,935	0%
LCS	10,703,029	15,187,811	142%
SES	16,079,802	20,087,048	125%
GPG	0	0	0%
Total LMB	**43,256,667**	**38,002,583**	**88%**

Similarly to NSIs, businesses would also face a significant increase in costs, In monetary terms, policy option 3 would increase costs for businesses of an estimated EUR 38 million, of which EUR 12,000 for LCI, EUR 2.7 million (61%) for JVS, EUR 15.2 million (142%) for LCS and EUR 20

million (125%) for SES. Overall this would mean **88%** increase in costs for businesses compared to the baseline.

Option 3 would create much higher costs for NSIs and a significant increase in the burden for respondents. Therefore it scores "+" on efficiency.

Options 1, 2 and 3 are to the same extent likely to have a rather neutral indirect **environmental impact** when considering the European Green Deal and is not different from the baseline. There are no to negligible impacts on **competitiveness, research and innovation** and all three options are fully in line with **the principle of "Do No Significant Harm".** All those options are also fully in line with the principle of **digital-ready policymaking**: digitalization is at the core of statistical processes within the European Statistical System ('digital by default'). The specific measures will be implemented through digital techniques (web-forms, digital processes, IT programmes) with a view to minimize the costs for NSIs and burden on respondents for all options.

7. HOW DO THE OPTIONS COMPARE?

Table12 below summarises scoring for all options assessed.

Table 12. Summary assessment table

Assessment		Score		
		Option 1	Option 2	Option 3
Consistency with the proportionality principle (Pass / uncertain / fail)	Does the option go beyond what is necessary to satisfactorily achieve the objectives?	Pass	Pass	Pass
	Is the scope of the option limited to aspects that Member States cannot achieve satisfactorily on their own, and where the Union can do better?	Pass	Pass	Pass
	Are costs for the Union, national governments, regional or local authorities, economic operators or citizens commensurate with the objectives of the initiative?	Pass	Pass	Uncertain
	Is the form of action (choice of instrument) as simple as possible and coherent with a satisfactory achievement of the objective and effective enforcement?	Pass	Pass	Pass
Effectiveness (-- to ++)	SO1.1: Adapting the regulatory framework to allow flexibility in meeting emerging needs	+	++	++
	SO1.2: To release more timely statistics	+	+	++
	SO1.3: To promote the use of innovative sources and methods of duly assessed quality	+	++	++
	SO2: Improving the coverage of statistics to whole economy and ensure exhaustive gender pay gap data	+	+	++
	SO3: Improving the consistency with related statistical domains	+	++	++
	Impacts on fundamental rights including the promotion of equality	+	+	++
	Social impacts	+	++	++
	Sustainable Development Goals	0	+	++
Coherence with overarching objectives of EU policy (-- to ++)	Coherence	-	+	+
Efficiency	Efficiency	0	++	+

All options presented in the impact assessment are largely in line with the first judgement criteria on whether the option go beyond what is necessary to satisfactorily achieve the objectives because they are limited to what is necessary to satisfactorily achieve the objectives. They do not attempt to address any additional problems beyond those defined in the problem definition.

Moreover, policy options 1, 2 and 3 clearly pass the criterion the extent to which each policy option is limited to aspects that cannot be achieved satisfactorily by the Member States on their own. Ensuring consistency in the geographic, temporal and thematic breakdowns of LMB statistics at EU

level requires EU intervention and cannot be left solely to the Member States (necessity and subsidiarity tests are passed).

The third criteria concerns the extent to which the costs (for the Union, national governments, regional or local authorities, economic operators or citizens) are commensurate with the objectives of the initiative. Based on the above assessment on cost and burden, all policy options are judged as having costs that are commensurate with the objectives of the initiative and passing the test. Even policy option 3, which would be the costliest option to implement, is judged as passing this test.

On the fourth criterion, as to whether the form of action (choice of instrument) is as simple as possible all options pass the test for the simple reason that a new framework regulation – required for all options – would be a clear simplification compared to the baseline. While the benefits for option 1 are cancelled out by its inherent inefficiencies, the form of action is still the simplest one possible.

Effectiveness

Option 1 would aim to increase effectiveness of the existing framework by considering elements that were not part of the existing regime. While these are voluntary in nature the mere consideration of these needs, and in responding to problems, this option compares favourably with the baseline. Consistency with related statistical domains would be improved somewhat, though the voluntary nature of the regime would greatly mitigate these potential benefits.

The impact on fundamental rights is not fully neutral. Given on the compulsory collection of the gender pay gap in particular the impact on fundamental rights of collecting these types of data will be partially served through this option.

Both option 2 and 3 would help to significantly improve the depth of statistics by further adapting the framework to evolving needs, sources and methods by considering numerous elements that are not part of the existing regime.

The coverage of statistics will be improved in particular for GPG data, extending SES to micro firms, better coverage of the economy through including NACE Rev. 2 section O “administration”, new elements of quality reporting allowing assessment of quality of innovative or administrative data sources, aligned definitions and concepts, and addressing emerging needs.

This together with improvements in LCI timeliness would further contribute to modernising social statistics.

In terms of social impacts there are positive effects in both option 2 and 3, with the mandatory collection of data on gender pay gap and on additional variables and breakdowns to be further detailed in the secondary legislation. The mandatory collection of information on employees (e.g. carer breaks) would expand the range of possible analyses on segregation, subject to legal constraints on privacy and data protection.

All three options have a rather neutral indirect environmental impact when considering the European Green Deal and not different from the baseline.

Overall option 3 compares favourably to option 1, and is more ambitious than option 2 when it comes to the frequency of SES and LCS. The timeliness and frequency improvements do match an expressed need of some users and thereby it makes the LMB more effective than under option 2.

Coherence

In terms of coherence both option 2 and 3 are expected to provide strong positive impact. On the other hand, option 1 would not address all the shortcomings of the baseline (option 0) in terms of the somewhat more complex nature of the various existing datasets, the divergence of outcomes due to the voluntary nature of many of the measures and thereby the rendering of coherence in EU policies somewhat less favourable than possible.

Both option 2 and 3 would address most of the shortcomings of the baseline in terms of coverage, answering emerging needs and further harmonisation of standards (definitions, concepts, templates for quality reporting). It is anticipated that these policy options would align LMB statistics with other EU flagship initiatives such as the EP and Council Directive on minimum wages, Commission proposal for a Directive on pay transparency and the principle 6 of the European Pillar of Social Rights.

Efficiency

All options would incur higher costs compared with the current LMB framework taken as the baseline. Costs in policy option 1 are mainly for NSIs and related to the GPG. Costs of option 2 (for Eurostat, NSIs and enterprises) are mainly driven by the costs of producing the statistics on wages and job vacancies on the extended population of enterprises, to a lesser extent on labour costs and the gender pay gap. In terms of impacts for respondents, option 2 would be far less burdensome (+ 11% increase in costs for businesses) than Option 3 (+88%).

Therefore, although option 3 presents the highest effectiveness, this comes at a high price and option 2 scores far better in terms of efficiency.

Potential obstacles that might be encountered for an effective implementation

The problem of the LMB statistics currently lies in non-legally binding collections (at EU level), particularly for micro firms. For instance, 12 member states (and 2 EFTA countries) transmitted those data in the latest SES 2018. Section O is covered in the SES by 24 member states and by 22 member states in LCS. Hence, the main impact in terms of extension of the coverage will be for the data collection of the SES on micro-firms, i.e., the effort will be for Belgium, Denmark Greece, France Croatia, Italy, Luxembourg, Hungary Malta, Austria, Poland, Portugal, Romania, Finland and Sweden. In job vacancy statistics, most member states already achieve a full coverage of economy. However, data for three of them (Denmark, France and Italy) are not fully comparable with those of the rest of the EU. In both France and Italy, public institutions are not covered within the sectors of public administration, education and human health (NACE Rev. 2, sections O, P and Q). Furthermore, France only includes units with 10 employees or more whereas Denmark only covers units within the business economy (NACE Rev. 2, sections B-N).

8. PREFERRED OPTION

8.1. PREFERRED OPTION

Policy option 2 has been identified as the most effective option, which addresses the needs of data users and providers in the most cost-efficient way. In the online workshop with stakeholders this option was the preferred option. Although data users would like to see more ambitious proposals such as option 3, participants in the online workshop insisted that the selected option be realistic in terms of what can be achieved with Member States in the current context of cost and burden limitation and what could be possibly accepted for implementation by the EU statistical community. All options ensure proportionality. Although option 3 is the best performing option in terms of effectiveness, it is also the most expensive and causes the highest burden on enterprises. According to data providers, the implementation of option 3 would also raise serious difficulties on the field. The preferred option is therefore option 2.

8.2. REFIT (simplification and improved efficiency)

REFIT: Simplification and improved efficiency

Options 1, 2 and 3 would require a new framework regulation. This entails integrating the 3 existing framework regulations for LMB into one single basic act.

The favoured option (option 2), will lead to simplifications and improved efficiency through three main channels:

a) **Merging the existing three framework regulations into one single legal act.** A single framework regulation will clearly set the scope of LMB statistics and underline their common nature (collected from businesses) and purpose (to inform about developments in EU labour markets). Each concept will be defined only once and thus fostering consistency (also in future updates) and sparing users cumbersome cross-references. Moreover, at the member states level, a single and coherent framework regulation will facilitate use of the same tools for different purposes and limit consequently data collections and burden. Similarly, it will facilitate the use of administrative or innovative sources as the discussions with data owners will focus on the same concepts and finding the best source for them instead of having to repeat the same exercise with different concepts, building on different sources and delaying the decrease of the burden on businesses by using other / new sources.

b) **Fostering the use of alternative administrative sources and modern digital techniques**, including automatically transferring payroll data and web scrapping, which will play a role in mitigating the burden on enterprises in general and SMEs in particular. This may be achieved by extracting data on earnings and labour costs from payrolls and job advertisements from the internet. It is expected that new administrative or innovative data collections will also help covering emerging needs.

c) **Limiting collection of variables on apprentices in the LCS** only from those countries where they represent a sizeable share (more than 1%) of all employees;

The legislation will empower the Commission to adapt statistical requirements with implementing or delegated acts. Secondary legislation will cover technical details related to periodicities, reference periods, description of variables, modalities, statistical classifications and data breakdowns, precision targets, the metadata to be transmitted as well as on the content and the deadlines for transmission of the quality reports. These instruments are expected to be used for covering also future emerging needs.

Option 3 also entails the above simplifications but would extend the SES data collection to micro-enterprises for all variables. This is not the case for option 2 that limits this future data collection on micro-enterprises to a core set of key variables, most of which are available from administrative sources therefore simplifying as much as possible the extension of scope.

By contrast, option 1 may not lead to simplification and efficiency gains if different choices are made across LMB datasets, a clear risk due to the non-harmonised and uncoordinated nature of this option.

For the above reasons, only options 2 and 3 would pass the REFIT test as they would both improve the efficiency of evidence-based policymaking, including through enhanced possibilities for comparative research across member states. Nevertheless, option 2 would come first (++ against + for option 3) as it refrains from increasing the frequency of labour cost and structure of earnings surveys, thus bringing lower costs and larger efficiency gains.

At the same time, the additional measures added under the options, in particular options 2 and 3, can also require a slight additional need for follow-up, reporting (more frequent and timely data collection) and enforcement. Nevertheless, it is expected that some cost saving could be made by reducing the current administrative burdens borne by both the Commission (Eurostat) and NSIs.

The table below sets out a qualitative analysis of the possible simplifications brought about by this initiative. The stakeholder group benefiting from these savings is specified in the final column of the table.

REFIT Simplification and improved efficiency		
Option	***Description***	***Impacts by group***
1	Improved efficiency in evidence-based policymaking, alignments of concepts and definitions	MS, COM
2	As for 1, with the addition of: Marginally reduced costs associated with new templates for quality reporting, possibility of using innovative data sources. Improved efficiency of comparative research	Eurostat, enterprises Data users
3	As for 2, with the addition of: Further improvements in the efficiency of evidence-based policymaking (Due to higher frequency for LCS and SES and new variables on wage determinants) Even further improvement of efficiency in comparative research (same reasons)	COM, MS Data users

8.3. Application of the 'one in, one out' approach

No burdens on citizens will be caused by the initiative as it concern statistical collections on businesses.

For businesses as explained in the SME test, only a small subset of businesses are required to produce the datasets under LMB (sample surveys, i.e. only the very limited number of businesses selected in the sample), even under options 2 and 3.
While the specific information demands are higher for option 3, the total burden on enterprises remains negligible for option 1 and 2, higher for option 3.

8.4. SME test

SMEs represent around 85% of new jobs in Europe and are hugely important to the EU economy.

The four steps of the SME Test are set out below, explaining the assessment carried out and estimated impacts on SMEs of the policy option 2.

8.4.1. SME Test: four steps

Step	IA approach taken, outputs and mitigation	Estimated outcome/results
Identification of affected businesses	The initiative is proposing to extend the scope of the four-yearly structure of earnings survey (SES) to a subsample of microenterprises. Those are the Small and Medium Sized Enterprises with less than ten employees. Enterprises employing 10 persons or more are already in the SES sample. This extension does not concern Bulgaria, Czechia, Germany, Estonia, Ireland, Spain, Cyprus, Latvia, Lithuania, Netherlands, Slovenia, and Slovakia that already provide data for firms employing one to 9 persons. Hungary and Finland cover firms with more than 5 employees. In the preferred option, the SES would still take place with a four-yearly frequency.	Only the sampled microenterprises will be affected. For countries collecting SES data on enterprises with 1 to 9 employees, the number of enterprises in this category in the sample represent 1.5% of the whole population of SMEs. If all countries had to start transmitting data for the enterprises with 1 to 9 employees the EU sample would need to be extended by the same rate. However, if we account for the fact that 10 countries already cover micro-firms (+ 2 partly), which represent together 32% of the EU population of SMEs, the increase would be 1% (1.5% × 68%), every four years. Moreover, in most cases, the micro-firms concerned by the extension of the SES scope would not have any response burden as only core SES variables will be requested, which are normally available from administrative registers.

Consultation of SME stakeholders	To ensure that the direct views of SMEs are captured and information is collected on the cost and burden on SMEs, particularly micro-enterprises for the different policy options, the consultant (ICF) has tried to collect information from different sources: SME Europe was contacted and the organisation circulated request for data collection among their members Local network contact points of Enterprise Europe were contacted in the following Member States: BE, BG, HR, IT, ES, NL, RO, FR, DE, SK, LV The ICF used a sample from the Orbis database to reach out to ten micro-enterprises from: CZ, EL, ES, IT, PL, SK In addition during workshops two organisations expressed interest to help facilitate data collection from micro-enterprises: Confederation of Danish Employer and the Austrian Federal Economic Chamber. The Confederation of Danish Employer liaised with its members and provided four contact details to SMEs from which one organisation responded to questionnaire. All other sources resulted in no responses from SMEs. The study team received one reply from a representative industry association, but they declined carrying out an assessment.	Following no replies from the direct consultation of the SME, information coming from the NSIs is used for assess the impact of the proposal on the SMEs.
Measurement of the impact on SMEs	Information on the burden on enterprises was also assessed by the NSIs in the cost and burden study. This showed that the effects are limited due to the low number of businesses selected in the sample and the simplification of the questionnaire addressed to micro-enterprises. In particular, only core variables will be collected most of which are available from administrative registers.	The results of the study done with the NSIs showed that the initiative will cause a median increase in the time spent by <u>all responding units</u> (enterprises with one and more employees) of around 16%, every four years. Considering that SMEs represent 86% of the SES sample, on average, this means that the <u>total time spent by all responding SMEs</u> will increase by

		16% × 86% = 14 %. This does not account for the fact that 10 Member States already provide SES data for micro-enterprises and 2 (Hungary and Finland) do it partly. Altogether, these countries account for almost one third (32%) of the SES sample of SMEs, EU wide. With an average sampling rate of 2.5% for SMEs, we estimate that **the burden increase for SMEs caused by the extension of SES to micro-firms amounts to 0.24% (2.5% × 14% × 68%) of the current average burden, for the whole population of SMEs, every four years.**
Assessment of alternative mechanisms and mitigating measures	The SES questionnaire for microenterprises will be limited to the main information (core variables) most of which are already available from administrative sources. Another simplification proposed under the LMB review consists in limiting the collection of labour cost survey data on apprentices to countries where they represent less than 1% of the total number of employees. This would simplify the LCS questionnaire where 6 out of 22 variables (excluding the derived totals) would become voluntary, for all EU Member States except Germany, Denmark, France, Italy and Austria. Following the subsidiarity principle, countries are free to use data collection method chosen nationally and being the most effective in terms of costs and burden. In addition, the extension of the population could also take place by reallocation of the total SES sample. That means, given the precision of information collected is of the same quality, NSIs will be free to decrease the number of SMEs employing 10 and more persons to compensate the extension to micro enterprises.	Thanks to the simplification of the LCS data collection on apprentices, the total time spent by the sampled SMEs in filling LCS questionnaires will be reduced by 27% (6/22) for all EU Member States except Germany, Denmark, France, Italy and Austria. The latter countries represented 34% of the population of EU SMEs, in the LCS 2016 sample. Estimating the LCS burden from the number of variables collected, we conclude that the LCS simplification would reduce the burden by 18% (27% × 66%), every four years for the sampled enterprises. Taking 4% as a lower bound for the LCS sampling rate, the burden reduction for the whole population of SMEs would be at least 0.7% (18% × 4%), every four years. This compares with the burden increase on SMEs caused by the SES extension to micro-firms (+0.24%). Under the favoured option (option 2), the LMB review would therefore have no net impact on the burden for SMEs. The additional decreases in the SME

		burden obtained through a reallocation of the sample (between SMEs and larger firms) was impossible to estimate due to different sampling schemes and various data collection methods used in the countries, according to the subsidiarity principle.

9. HOW WILL ACTUAL IMPACTS BE MONITORED AND EVALUATED?

Monitoring and evaluation form an integral part of the policy cycle and must be undertaken through the implementation, application and review stages of the LMB initiative. The performance of the new LMB framework should be monitored and evaluated in relation to its operational objectives (shown in the table below). The next sections briefly describe the main considerations for monitoring and evaluation at each stage of the policy cycle.

Implementation stage

The choice of approach remains open, whether largely voluntary data collection under the LMB framework or different forms of mandatory changes to the LMB framework.

During the implementation phase of the new legal framework, the Commission (Eurostat) will continue organising regular expert group meetings with partner NSIs in the ESS to discuss and clarify any issues that may arise, continuing a long-standing history of good and close cooperation between Eurostat and its ESS partners on technical and statistical matters. This includes diligent joint preparation of key implementing acts regulating the detailed new statistical data and metadata requirement, which will be of central interest to both statistics users and producers. For instance, Eurostat can establish topical task forces to address specific technical challenges in achieving the objectives of the new legislation. The implementation stage is planned to conclude with a first evaluation focussing on the implementation, functioning and initial impacts of the new legal framework. To obtain sufficient information on the performance, this evaluation is planned within three to five years after the entry into force of the new legal framework, in line with better regulation advice that evaluations should have access to at least three full years of data.

A monitoring and evaluation clause is normally included in any new, or amended, legislative act to facilitate the collection of the necessary information.

Application stage

During the application stage, the Commission (Eurostat) plans to undertake an evaluation of the functioning and impact of the legislation every three to five years. The following table provides some suggestions on potential indicators for monitoring the effectiveness of the LMB initiative against its objectives. It also indicates some of the data sources that might be used.

It will be important to ensure that the indicators can be measured through methods and sources that are easily available and credible. Eurostat's user satisfaction survey and more targeted surveys (e.g.

among NSIs) could be relevant sources of evidence. Quality reports, annual compliance assessment exercises are also important tools for this purpose in the European Statistical System.

9.1.1. Possible key performance indicators, targets and data sources for operational objectives

Specific objective	Operational objectives	Monitoring indicators	Current benchmarks	Data sources	Targets
1. Adapting the regulatory framework to allow flexibility in meeting emerging needs, to release more timely statistics and to promote the use of innovative sources and methods of duly assessed quality	**1.1.** LMB addresses emerging needs (depending on the option)	**MI 1.1.1** Number of Member States providing new voluntary/mandatory variables in SES	N/A	Data received via Edamis	All MS
		MI 1.1.2 Number of Member States providing new voluntary/mandatory breakdowns in JVS	7	Data received via Edamis	All MS
		MI 1.1.3 Number of Member States providing new voluntary/mandatory variables in LCI	N/A	Data received via Edamis	All MS
	1.2. Datasets are provided in a timely and frequent manner	**MI 1.2.1** Number of Member States providing SES data) in T+16 months / T+11 months	1	Data received via Edamis Eurostat annual compliance assessment	All MS
		MI 1.2.2 Number of Member States providing LCS data in T+15 months	N/A	Data received via Edamis Eurostat annual compliance assessment	All MS
		MI 1.2.3 Number of Member States providing LCI at T+45 days for large 'flash' countries (no NACE breakdown)	8 (pilot data)	Data received via Edamis Eurostat annual compliance assessment	9 MS
		MI 1.2.4 Number of Member States complying with the increased frequency of SES (bi-annual) between the (bi-annual) LCS years	N/A	Data received via Edamis Eurostat annual compliance assessment	All MS
		MI 1.2.5 Number of Member States complying with the increased frequency of LCS (bi-annual) between the (bi-annual) SES years	N/A	Data received via Edamis Eurostat annual compliance assessment	All MS

	1.3. The legal framework is sufficiently flexible to adapt as users' needs evolve	**MI 1.3.1.** Proportion of users who agree that, overall, Eurostat's LMB data meet their needs (broken down by type of user, e.g. policymaker, academic, media, commercial)	65 % (value for all users coming from the PC)	Eurostat User Satisfaction Survey, Targeted surveys with representatives from Eurostat and Commission statistical correspondents	80 %
		MI 1.3.2. Extent to which Eurostat and Commission officials agree that it is possible to adjust the legal framework to meet users' evolving needs	N/A	Targeted surveys with representatives from Eurostat and Commission statistical correspondents	80 % of satisfied policy users
	1.4. Quality reports are provided and administrative and innovative data sources are documented	**MI 1.4.1** Number of Member States providing information about the use of administrative and innovative data sources	N/A	Quality reports received in the metadata handler	All MS
2. Improving the coverage of statistics to the whole economy and ensure exhaustive GPG data	**2.1**. GPG data made compulsory	**MI 2.1.1** Number of MS providing annual GPG data	25	Data received via Edamis	All MS
	2.2. SES coverage extended to micro enterprises and NACE Rev. 2 section O	**MI 2.2.1** Number of MS providing SES data for microenterprises	12	Data received via Edamis	All MS
		MI 2.2.2 Number of MS providing SES data for NACE Rev. 2 section O	24	Data received via Edamis	All MS
		MI 2.2.3 Information on earnings for all economy published for EU/EA aggregates	N/A	Eurobase	All tables provide aggregates for EU and EA

	2.3. LCS coverage extended to micro enterprises and NACE Rev. 2 section O	**MI 2.3.1** Number of MS providing LCS data for microenterprises	11	Data received via Edamis	All MS
		MI 2.3.2 Number of MS providing LCS data for NACE Rev. 2 section O	22	Data received via Edamis	All MS
	2.4. JVS coverage extended to micro enterprises and NACE sections B to S	**MI 2.4.1** Number of MS providing JVS data for microenterprises	26	Data received via Edamis	All MS
		MI 2.4.2 Number of MS providing JVS data covering NACE sections B to S	24	Data received via Edamis	All MS
3. Improving the consistency with related statistical domains	**3.1**. Concepts are further aligned and definitions match relevant domains	**MI 3.1.1** Extent to which concepts and definitions are applied in practice	N/A	Quality reports	All MS
		MI 3.1.2 Users' views on the consistency of concepts and definitions across datasets	31 % (value for all stakeholders coming from the PC)	Targeted surveys with representatives from Eurostat and Commission statistical correspondents.	70 %

ANNEX 1: PROCEDURAL INFORMATION

1. LEAD DG, DECIDE PLANNING/CWP REFERENCES

Lead DG	Eurostat
Decide Planning	PLAN/2021/12024[30]
CWP reference	

2. ORGANISATION AND TIMING

After political validation of the LMB initiative in November 2021, an interservices steering group (ISG) chaired by Eurostat and composed of representatives of Commission DGs[31] was set up to supervise the progress on the combined evaluation and impact assessment including stakeholder consultations. The ISG met 5 times to discuss this evaluation SWD:

Meeting date	**Topics discussed**
11/11/2021	Background information on LMB statistics and need for review Call for evidence Draft consultation strategy Draft terms of reference of a tender for a study supporting the evaluation and impact assessment Draft Public Consultation (PC) questionnaire (launch of written consultation)
28/04/2022	Presentation of the progress on PC Presentation of the work plan and consultant Intervention logic Draft evaluation matrix
13/07/2022	Presentation of the results of the public consultation Presentation of the interim report from the consultant Proposed measures for the impact assessment
21/10/2022	Presentation of the draft SWD on consultation synopsis

[30] https://intragate.ec.europa.eu/decide/sep/?view-dossier-details-id=DORSALE-DOSSIER-2021-24018

[31] ECFIN, EMPL, JUST, JRC, RTD, SG and SJ

	Presentation of the draft SWD on evaluation for comments/endorsement Problem definitions and drivers for the assessment
2/12/2022	Presentation of the main changes in the draft SWD on evaluation for approval Presentation of the draft SWD on impact assessment for comments and forthcoming endorsement
13/03/2023	Revised draft SWD on impact assessment for endorsement of changes addressing the RSB opinion

3. CONSULTATION OF THE RSB

The RSB was consulted on this impact assessment on 18 January 2023.

The Board findings and recommendations were addressed in the impact assessment report as follows (*text in italics*):

Summary of findings

The Board notes the additional information provided and commitments to make changes to the draft report.

However, the report still contains significant shortcomings. The Board gives a positive opinion with reservations because it expects the DG to rectify the following aspects:

(1) The report does not clearly analyse the scale of the problem as well as its consequences for policy making. It does not adequately explain the rationale for intervention.

(2) The report does not sufficiently address the simplification potential of the preferred policy option. 2

What to improve

(1) The report should clarify the size of the problem. It should better explain the rationale for intervention, given that the evidence shows that most of the contacted stakeholders in the public consultation seem to be satisfied with the current situation. It should bring out more clearly any public interest case for new and more frequent data for EU policy areas.

> *Specific section discussing on size of the problem (section 2.3) was added to the report.*
>
> *The rationale for intervention was reinforced by refocusing the narrative from the analysis of satisfaction with the current LMB statistics to reflection of users related to the possible improvements. This is described mainly in the analysis of the problems drivers (section 2.2).*

(2) The simplification potential of the preferred policy option should be better explained and elaborated. The report should explain how the replacement of the three existing Regulations with

a single framework will foster simplification. It should identify and analyse any additional simplification aspects such as reducing the data requirements to the strict minimum and using data sources other than surveys.

Advantages of using a single legal act on LMB are discussed in sections 5.3 (in relation to the discarded option) and section 8.2 related to simplifications. Further simplifications are also described there. Details on using alternative data sources are provided in analysis of driver D2 in section 2.2 on problem drivers.

(3) The report should discuss potential problems with compliance and enforcement, where relevant. It should provide further information on the possible implementing or delegated acts of key importance for the impact or the success of the initiative.

Potential obstacles that might be encountered for an effective implementation are discussed in section 7 on comparison of the options.

Framing of options 2 and 3 in the secondary legislation is described in section 5.2 on description of policy options.

(4) The report should better explain the scale of provision of statistics on a voluntary basis by Member States and its consequences. In addition, it should provide further detail on how the sub-objectives on quality reporting, the use of administrative data and innovative sources by Member States and the response to emergent needs will be achieved.

The situation related to provision of data on voluntary basis is described in the description of current issues with LMB statistics. Biases in the data have been illustrated as some countries provide the data covering full economy voluntarily. More information about countries providing the data voluntarily was added in the analysis of the problem driver D4. The consequences and compilers opinion on voluntary character of GPG collection are described in the analysis of problem driver D5.

Use of administrative data and innovative sources as well as related quality reporting are described in the analysis of problem driver D2.

(5) The report should improve the presentation of stakeholder views. The consultation activities findings should be provided with the necessary granularity and should not be presented as aggregate percentages. The report should clarify to which consultation activities the results are referring to. The reader should also be able to understand what stakeholder category expressed a certain concern or opinion and to what extent this evidence is significant and robust.

Relevant graphical presentation and comments on stakeholder consultation was changed across the document, to cover more granular information on type of stakeholder and to add absolute figures.

(6) The report should better explain the problems with the evidence-base and data availability, its methodological choices as well as the limitations and the uncertainties of the consultation activities. It should explain how limited use of the public consultation results to assess possible impacts, in particular on respondents to the LMB statistics (enterprises), has been mitigated.

Issues related to data availability and mitigation of problems related to low coverage of enterprises in the results of consultation are further complemented in section 4 (Evidence, sources and quality) of Annex 1 on procedural information.

The Board notes the estimated costs and benefits of the preferred option in this initiative, as summarised in the attached quantification tables.

Some more technical comments have been sent directly to the author DG.

In order to limit the number of pages in the main text of impact assessment, the section on policy relevance of the LMB data was shortened; the detailed scoring of the policy options was moved to the Section 2 of the Annex 3. Scoring and narrative in the assessment of options were aligned.

4. EVIDENCE, SOURCES AND QUALITY

Evidence	**Sources**
Desk research	• Statistical data and metadata published during the evaluation period, and partially before as available (baseline) • Legal acts related to the intervention • Commission reports on implementation of legislation • Methodological guidelines and papers • Policy documents establishing statistical needs The fact that the existing legal framework evaluated here was adopted before Better Regulation guidelines were in place presented a major obstacle, as the available documentation does not provide information typically required for evaluation. The stakeholder consultations attempted to balance resulting gaps to the extent possible.
Opinion of statistics users: Commission services	• In-depth interviews with selected organisational statistics users • Bilateral exchanges to pinpoint specific needs • PC survey • Interviews
Opinion of other statistics users	• In-depth interviews with selected organisational statistics users • PC survey • Workshop
Opinion of statistics producers	• Regular consultations of Labour Market Statistics/LMB • Directors of Social Statistics and The European Statistical System Committee was also informed about the progress • PC survey

The LMB statistics are specific as for the type of information they provide and users they target, meaning a highly specialised domain with relatively scarce sources for evaluation. The

stakeholders' consultation (public consultation and targeted interviews as well as workshop with data users validating the policy options) was therefore extensively used to complement the first findings of the evaluation. To ensure the highest coverage of most important stakeholders, the public consultation was advertised through correspondence with most important data user (Including European Statistical Advisory Committee, Directors of Social Statistics, Business Statistics Directors Group, Labour Market Statistics Working Group, EUROFOUND, EIGE, ECB, DG EMPL CIVIC DIALOGUE, Employment Committee Indicators Group (EMCO IG) and Indicators' Sub-Group of the Social Protection Committee (ISG SPC) of the Council, SME Envoy Network, LMB data collection correspondents, SES microdata users, European Economic and Social Committee labour market observatory, Business Europe, SMEunited, ETUC (European Trade Union Confederation), Platform of European Social NGOs and international organisations such as ILO, OECD and UNECE). In addition, different social media channels were used to catch general public. Unfortunately, very few replies from the general public were received. However, while not constituting a real survey outcome in the statistical sense (small number of replies, no probabilistic selection of the sample or respondents), the public consultation confirmed the needs accumulated over the years (for instance during the regular hearings between Eurostat and the Commission policy DGs). They were complemented by the targeted interviews and technical level correspondence between Eurostat and for instance the ECB. In addition, a careful analysis of Commission reports to the European Parliament and the Council on implementation of the labour costs index and job vacancy statistics, allowed to observe the developments in the implementation and compliance improvements of those data collections (evaluation SWD section 3.1). For its part, the systematic review of the quality reports that is a daily work in Eurostat allowed identification of main issues with the data. This way the information existing and/or collected in the consultation exercise together with the desk research analysing the legal LMB was triangulated to best evaluate the current initiative.

The limited use of the public consultation results to assess possible impacts in particular on respondents to the LMB statistics (enterprises) was planned to be mitigated by ensuring that the direct views of SMEs are captured and information is collected on the cost and burden on SMEs, particularly micro-enterprises for the different policy options. The consultant (ICF) made effort of contacting SME Europe to circulate a request for data collection among their members. Local network contact points of Enterprise Europe were also contacted in the following Member States: BE, BG, HR, IT, ES, NL, RO, FR, DE, SK, LV. In addition, the ICF used a sample from the Orbis database to reach out to ten micro-enterprises from: CZ, EL, ES, IT, PL, SK. Moreover, during the workshop two organisations expressed interest to help facilitate data collection from micro-enterprises: the Confederation of Danish Employer and the Austrian Federal Economic Chamber. The Confederation of Danish Employer liaised with its members and provided four contact details to SMEs from which one enterprise responded to questionnaire. All other sources resulted in no responses from SMEs. This situation was further mitigated by assessing the burden of possible options on businesses via assessments of national statistical institutes. Indeed, they provided, in specific on-line consultation and costs assessment consultation, qualitative (on the descriptive levels of burden) and quantitative (on the time estimated to provide additional information as foreseen in the options) information related to the response burden.

Moreover, at the workshop that gathered main LMB data users (institutional policy users, trade unions, business associations and international organisations) draft findings of the impact assessment and results regarding the problem definition, feasibility, effectiveness, efficiency, and

wider impacts of the policy options were validated. In particular, the trade unions representative at the workshop highlighted the importance of structure of earnings survey data on collective pay agreements (which is also a data requirement under the minimum wage directive).

USE OF EXTERNAL EXPERTISE

Eurostat carried out this evaluation with topical support from a contractor study contributed by ICF SA, Belgium. In particular, the evaluation and the impact analysis, as well as public consultation analysis, organisation and analysis of stakeholders consultations activities (excluding public consultation prepared by Eurostat), were provided through the support study. Parts of this evaluation SWD are therefore based on the final report on evaluation support and other analysis documents prepared by the contractor.

Eurostat has also monitored the work of the external support contractor regularly (at least every two weeks) and assessed the quality of the final report on evaluation from the external support study. The overall work quality and deliverables were found to be in line with the contract and generally sufficient to be used for this impact assessment.

ANNEX 2: STAKEHOLDER CONSULTATION (SYNOPSIS REPORT)

1. CONSULTATION STRATEGY

In line with the European Commission's Better Regulation guidelines, the consultation strategy aimed to gather input on whether population statistics continue to provide the necessary evidence base for EU policies and other relevant use cases; if there are new and emerging data needs and potential obsolete data requirements; the cost and burden of statistics, as well as the potential to improve the efficiency and for regulatory simplification. This represented both **backward looking elements** (explore what works well and what works less well in the current legal base) and **forward-looking elements** (the impacts of improvement options on all relevant stakeholder groups) to meet the needs of the back-to-back evaluation and impact assessment.

There were three **main stakeholders groups**. **Data providers** represented administrative data providers that are public administrations providing source data to statistical authorities for producing European statistics, and **respondents (enterprise level data providers)**who are participating directly in the data collection (sample surveys). **Statistics producers** were the national statistical institutes (NSIs) and other national authorities collecting, treating and transmitting to Eurostat statistics on earnings, labour costs structure, job vacancies and gender pay gap. **Statistics users** were a diverse group. They included institutional users that are directly involved in EU policymaking. At EU level, they were the actual policy makers, and at international and national levels, they support policymaking and contribute to it. Institutional users include EU bodies, international organisations, national ministries and government research institutes. Furthermore, there were other professional users who contribute occasionally and indirectly to the policymaking process at EU level. These were universities, research institutes, professional organisations, advisory councils, NGOs, individual private companies and business associations. The media and the general public were also part of the users' group.

The strategy envisaged the use of different consultation activities per stakeholder as shown in Table 1.**Table 1 Consultation activities per user group**

Stakeholder Group/Activity	Public consultation	Expert consultations	Interviews
Institutional data providers	X		
Individual data providers	X		X
Data producers	X	X[32]	X
Institutional users	X		X[33]
Other professional users	X		X
Media	X		X
General public	X		

[32] Working Group on labour market statistics (LAMAS WG).

[33] ECB; Commission DGs: ECFIN, EMPL, GROW, JUST, REGIO, agencies: EIGE, EUROFOUND

In addition, a specific cost and burden survey related to assessment of current and possibly future costs and burden of data collections that are in the scope of the LMB (and GPG collected voluntarily) took place in the framework of the technical discussions with data producers (National Statistical Authorities). This survey was launched on the 17 December 2020 to LAMAS delegates who were invited to fill the questionnaire and send it back to Eurostat by 30 April 2021. Apart from the assessment of cost, information on time spent annually per respondent in minutes and of time spent annually by all respondents for each LMB domain was collected. The exercise was tentatively concluded before launching of the evaluation and impact assessment procedure (LAMAS WG on 19-20.10.2021) as further on, in July – August 2022 the countries were consulted to provide additional (qualitative information) on the policy options and needs that emerged from the evaluation study.

2. METHODOLOGY AND TOOLS USED TO PROCESS THE RESULTS

A **mixed-methods approach** was chosen for the consultation and included the following activities: public and targeted consultations, targeted workshop, interviews with key stakeholders as well as desk research.

Public consultation, targeted consultation with national statistics institutes took place through **online tools**, including EUSurvey questionnaires. Workshop and interviews took place as **virtual meetings** due to health considerations and specific working arrangements related to the COVID-19 pandemic.

The **call for evidence** and the **public consultation**[34] were run via the Have Your Say website of the European Commission[35]. No feedback was received by the Commission (Eurostat) on the call for evidence. The public consultation was available in all official EU languages. These consultations aimed at gathering information and feedback from the general public and all relevant stakeholder groups as input into the evaluation and impact assessment as a step towards the preparation of a legislative proposal.

The public consultation was promoted via different channels: Have Your Say, Eurostat website a dedicated news item on 23 February 2022, social media campaign and Eurostat email banners, emails to stakeholders as well as nationally by several NSIs. Public Consultation (PC) questionnaire had a section assessing the LMB statistics in general and specific sections on each data collection that are a part of the LMB. The latter covered questions on satisfaction and attitude towards possible improvements or simplifications.

As NSI have been consulted by Eurostat several times throughout the review process it was agreed that their contributions would be most beneficial in an online survey format instead of semi-structure interviews. The questionnaire sent for the purpose of the **targeted consultation with NSIs** asked for more detailed opinions of statistics producers. The survey contained qualitative questions on costs and burden related to introduction of possible improvements per data collection. In

[34]See the Factual summary report on the public consultation of LMB: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13266-European-labour-market-statistics-on-businesses-LMB-/public-consultation_en

[35]https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13266-European-labour-market-statistics-on-businesses-LMB-_en

addition, open questions on anticipated difficulties other than those related to cost or burden and identification of elements that were listed as potential improvement but are not needed in the opinion of the NSI.

Interviews were run, first for scoping purposes then in-depth. They had a semi-structured format and were addressing LMB users. No interviews with the NSIs were conducted due to the time contains. The most important element of them were integrated into the targeted on-line questionnaire.

One workshop was scheduled to present the draft findings of the impact assessment and to validate the results regarding the problem definition, feasibility, effectiveness, efficiency, and wider impacts of the policy options. Participants were given the opportunity to discuss their views and provide feedback on the research findings.

Consultation with SMEs was foreseen by the study accompanying supporting the impact assessment work to test directly the burden of the new proposals. Although several attempts were made to receive the information no replies were provided directly by the SMEs. Instead, information provided by the statistical institutes was used as a proxy assess the burden.

The responses to all consultation activities were carefully analysed. To analyse the public consultation results, all replies were first mapped onto the key stakeholder groups and then assessed by each group. Where relevant, the synopsis report presents the diverging views of various groups of stakeholders on the same issue.

3. STAKEHOLDER PARTICIPATION

The consultation activities mentioned above were implemented by Eurostat and/or the contractor supporting Eurostat during the evaluation and impact assessment - ICF S.A., Belgium. Table 2 presents the timeline of key consultation actions.

Table 2 Timeline of key consultation actions

Consultation action	Timeline
Call for evidence	03 December 2021 - 31 December 2021
Public consultation	09 February 2022 - 13 May 2022
Targeted interviews	April- September 2022
Targeted consultation with NSIs	22 July - 26 August 2022
Workshop	14 September 2022

In terms of **level of participation**, no replies were received during the 4-weeks consultation on call for evidence while the public consultation resulted in 79 replies from 21 Member States, Montenegro, and the United Kingdom. Most responses were received from Italy, followed by Latvia, Sweden and Belgium. Almost half of the respondent (46 %) represented public authorities, followed by academic and research institutions (19 %). Trade unions and companies represented each 4 % of the respondents. In terms of size, the majority of respondents came from large organisations with 250 or more employees (71 %), while only 6 % of respondents represented micro and small organisations.

In total 63 stakeholders were invited for interviews. Out of this number, 28 interviews were carried out with data users representing institutional policy users, trade unions, business associations, research organisations and international organisations.

A total of 27 responses were received during the on-line consultation with the NSI´s from the following countries: Austria, Belgium, Bulgaria, Czechia, Cyprus, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and Switzerland. Contributions were high quality and adequate and were used to feed into the impact assessment.

The workshop was attended by 9 participants.

No response from the media were received during the consultation. This was not considered to be problematic as the LMB statistics does not normally attract much of the media attention.

The consultation ensured appropriate **stakeholder coverage** for statistics producers and several types of statistics users. All NSIs of EU Member States and EFTA countries in charge of compiling LMB statistics and transmitting it to Eurostat were involved in the various consultation activities. Limited feedback was obtained from administrative data providers (three replies to the public consultation).

To ensure that the views of SMEs are capture and information is collected on the cost and burden on SMEs, particularly micro-enterprises for the different policy options, the study team has tried to collect information from different sources:

- SME Europe was contacted and the organisation circulated request for data collection among their members
- Local network contact points of Enterprise Europe were contacted in the following Member States: BE, BG, HR, IT, ES, NL, RO, FR, DE, SK, LV
- The study team used a sample from the Orbis database to reach out to ten micro-enterprises from: CZ, EL, ES, IT, PL, SK

In addition during the workshop two organisations expressed interest to help facilitate data collection from micro-enterprises: Confederation of Danish Employer and the Austrian Federal Economic Chamber.

The Confederation of Danish Employer liaised with its members and provided four contact details to SMEs from which one organisation responded the questionnaire. All other sources resulted in no responses from SMEs.

Furthermore, LMB review was presented and discussed with Commission informal **expert groups**. These were mostly meetings of Eurostat-led expert groups with the participation of Member State experts, namely a LAMAS Working Group, the Directors of Social Statistics as well as the European Statistical System Committee (2 meetings in total).

4. MAIN RESULTS FROM THE STAKEHOLDER CONSULTATION

4.1. General feedback on current statistics

Results of the **public consultation** show that overall stakeholders are satisfied with the quality of European labour market statistics on businesses. The main quality elements that were highly rated by stakeholders include:

- Overall high quality
- Relevance
- Sufficiently reliable and accurate
- Contribute to the public good and
- Are impartial and objective.

Results of the **semi-structured interviews** confirm the findings of the public consultation and showed an overall positive outlook on the quality of LMB statistics while some areas for improvement were identified.

4.2. Areas for improvements

The elements of LMB that were found important to be further improved in the **public consultation** were:

- extending the coverage of the survey to micro firms and for NACE Rev. 2 section O for the SES, LCS and for the missing countries in the JVS;
- improving timeliness of the SES and LCS as well as LCI, in particular for the EU and euro area for the latter;

Collecting and publishing the numerator (labour costs) and the denominator (index of hours worked) of the LCI ratio for several NACE aggregates or quarterly data on the 'total number of hours worked' was found as needed by stakeholders.

Moreover, the consultation results showed that increasing the frequency to every 2 years for the SES was supported by 55 % of data users but only 39 % of producers of LMB statistics. The increase of frequency of the LCS was supported by 45 % of data users compared to 23 % producers.

During interviews, the users manifested a growing interest in new topics such as the impact of economic crises on the labour market, the inflation factor from the labour costs, mismatches of skills of the work force, types of pay schedules and possible discrimination in the labour market.

One of the most pressing problems highlighted by data users was in relation to data on gender pay gap, which is currently provided by Member States only on voluntary basis. For users this means that evidence is not comprehensive and suitable for cross-country comparison. In this regard, stakeholders offered detailed examples. Data users expressed also their need for detail on certain datasets including adding work history to study gender pay gap, data and availability of information by NUTS regions. Furthermore, with regards to the need of additional breakdown and variables,

stakeholders expressed the need for additional detail, including more detailed level of disaggregation of information on occupation in the SES, adding work history to study GPG, (and data by NUTS region), which is not currently included in the SES. Moreover, further information on e.g. net earnings and annual earnings in kind would be appreciated by some GPG users as a way to analyse other aspects of gender segregation and/or discrimination in pay.

Stakeholders shared the view that it would be beneficial to include more innovative data collection method as it has the potential to decrease burden on data providers. The ESS is also working on new techniques such as web scraping. However, some stakeholders noted that one should ensure that data from innovative sources are of high quality and comparable with other data sources.

4.3. Qualitative assessment of areas needing improvements.

The quantitative evaluation of costs and burden related to the improvements took place at the technical level prior the start of evaluation and impact assessment of the LMB review. Following problem definition of the LMB and identification of preliminary policy options, the NSI´s where addressed with the targeted consultation to assess the possible improvements. This assessment covered qualitative questions on improvements related to coverage, frequency and timeliness of the particular data collections constituting the LMB statistics and monetary and qualitative assessment addressing some punctual needs related to for instance missing variables in one data collection (SES).

Coverage of the LMB

Extending the coverage of the SES to micro firms (1-9 employees) **for main information** would cause significant increase in costs for 53% of the NSI´s (for 15% it will be one off cost for 38% regular every time the survey takes place). For 46% of NSI´s the increase will be no significant or zero. Extending the coverage of the SES to micro firms (1-9 employees) **for whole set of variables** would cause significant increase in costs for 62% of the NSI´s (for 4% it will be one off cost for 58% regular every time the survey takes place). For 38% of NSI´s the increase will be no significant or zero.

Extending the coverage of the LCS to micro firms (1-9 employees) would cause significant increase in costs regular every time the survey takes place for 62% of NSI´s. No increase or insignificant would be according to 38% of NSI´s.

Naturally, the extension of the coverage for JVS (both for the micro enterprises and for the NACE Rev. 2 section O) will affect only the 3 countries that do not do it yet.

For costs relating to extending the coverage to NACE Rev. 2 section O, over half of respondents (69%) noted no increase in costs for SES datasets. 19% noted an increase compared to the baseline every time the survey takes place. The remaining 12% noted costs when starting-up. For LCS, most respondents (81%) indicated no increases in cost. 15% of respondents indicated significant cost every time the survey takes place and the remaining 4% indicated a significant increase when starting up.

Frequency and timeliness

Transmitting all LCI results earlier, 65 days instead of 70 days after the end of the reference quarter would, according to NSI, not lead to significant increases in cost compared to the baseline (64%). Likewise, improving timeliness of the SES by two months is not likely to result in increases in cost compared to the baseline (58% of NSI´s).

Costs associated with collecting SES data every two years instead of every four years may be high as a large majority of respondents (84%) noted a significant increase compared to the baseline in cost every time the survey takes place. The remaining 16% noted no increase in costs.

For the LCS survey, most NSI´s (76%) reported an increase in cost every time the survey takes place every two years instead of four. The 20% of respondents indicated no increase in costs.

Additional variables

Replies to the NSI´s consultation showed that introduction of variables needed for deep policy analysis (e.g. disability status of employees according to the administrative concept in the SES, career brakes) would be problematic. The reason being the differences in the definitions at the national level, lack of this information to the employer, issues related to confidentiality and ethics as well as a high burden they cause on the employers.

At the same time other variables (e.g. occupation to be collected at more disaggregated level in the SES) seem to be relatively easier to be collected.

Other

Comments made by participants during the online showed that, while participants welcomed the additional measures and the full regulatory approach it was noted that there should be a balance between ambition and realism. It was emphasized that assessing the burden on enterprises for the proposed new measures would be crucial before making any final decisions.

5. CONCLUSIONS

The stakeholder consultation was implemented in line with Commission's Better Regulation Guidelines. It reached successfully the intended stakeholder groups except for the administrative data providers and media organisations. Given the technical nature of the subject, the overall engagement of respondents was considered sufficient to support the back-to-back evaluation and impact assessment of the LMB.

The consultation supported the ongoing Commission initiative on LMB statistics and acknowledged importance of the data that constitute it. It also pointed out the existence of statistical gaps and the emergence of new statistical needs that cannot be satisfied within the current legal framework.

All stakeholders confirmed the need to plan statistical improvements although they did not always agree on the level of ambition of such improvements and statistics producers were somehow more prudent to changes than statistics users.

Statistical topics that gathered support across all stakeholder groups as priority topics were increase of the coverage in particular to the NACE Rev. 2 section O for all data collections and to microenterprises for the SES and better timeliness of the LMB data.

The main statistical topics where producer and users had different views concerned the increase of frequency of the SES or LCS. Producers and users also had different views regarding the addition of specific variables in SES.

ANNEX 3: WHO IS AFFECTED AND HOW?

1. PRACTICAL IMPLICATIONS OF THE INITIATIVE

The preferred option (option 2) would require the following changes in the LMB data collections.

Labour cost index

It is proposed to develop a flash LCI, to be transmitted by all countries representing more than 3% of the total number of employees at EU level (currently: Belgium, Germany, Spain, France, Italy, the Netherlands, Poland, Portugal and Romania). The flash LCI should be transmitted at t+45 days (in addition to the final data transmitted at t+70 days as is already the case) and published three working days later (i.e. at t+50 days at the latest).

Job vacancy statistics

For JVS, the main proposal consists in eliminating possible biases by covering all economic activities and enterprise sizes, which is not yet the case for three Member States. In France and Italy, public institutions are not covered within the sectors of public administration, education and human health (NACE Rev. 2 sections O, P and Q). In France, only units with 10 employees or more are included. Denmark only covers units within the business economy (NACE Rev. 2 sections B-N).

Gender pay gap

Annual (unadjusted) on gender pay gap data are currently collected under a gentlemen's agreement. Under the LMB review, it is proposed to introduce a legal basis for the transmission of this important indicator. This will also serve the needs of the proposed directive on pay transparency whose monitoring will require annual on gender pay gap data.

Structure of earnings survey

It is proposed to extend the scope of the four-yearly Structure of Earnings Survey to micro firms (with 1 to 9 employees) and to public administration (NACE Rev.2 section O). The SES extension aims to correct the existing biases in the mean and median earnings which are used in a number of policy-relevant policies including the newly adopted directive on adequate minimum wages and for the on gender pay gap.

It is also proposed to shorten the deadline for transmitting SES data to Eurostat.

Labour cost survey

It is proposed to extend the scope of the four-yearly labour cost survey to public administration (NACE Rev.2 section O) and to shorten the deadline of transmission of data to Eurostat.

Moreover, the proposal will limit the data collection on apprentices to Member States where they represent more than 3% of the total number of employees at EU level (currently: Germany, Denmark, France, Italy and Austria).

General

To compensate for the resulting increase in the response burden, the LMB review will foster the use of administrative and innovative (e.g. web-scraping) sources for the compilation of LMB data. Quality reporting templates will be adapted to fit administrative data and multiple sources. In addition the emerging needs related to new variables in SES, indices for hours worked and labour costs in LCI and more detailed breakdowns of the JVS will be implemented These will be done in the secondary legislations.

The data are collected by the Members States based on the sample survey, based on the extraction of the information already available in the administrative registers, as a combination of the methods described above. National Statistical Institutes or Other National Authorities are free to choose the method that is the most efficient in terms of burden and the statistical quality.

2. DETAILED SCORING BY POLICY OPTION

Table 13. Policy Option 0: No targeted EU action (baseline)

Policy Option 0 (baseline, no targeted EU action)		
Assessment criterion	**Score**	**Brief description**
Consistency with proportionality principle	(Pass / uncertain / fail)	
Does the option go beyond what is necessary to satisfactorily achieve the objectives?	Pass	Under the baseline, no further EU action would be taken and therefore does not go beyond what is necessary.
Is the scope of the option limited to those aspects that Member States cannot achieve satisfactorily on their own and where the Union can do better?	Pass	Under the baseline, no further EU action would be taken. Current EU action is limited to those aspects that Member States cannot achieve satisfactorily on their own, such as EU-wide comparative data that follow harmonised standards in areas such as labour costs, earnings and job vacancies. Results from the evaluation show that current EU action provides clear added value.
Are costs for the Union, national governments, regional or local authorities, economic operators or citizens commensurate with the objectives of the initiative?	Pass	Under the current LMB legal basis, compilers were already called upon minimizing the costs subject to the objectives set by the EU legislation. Under the subsidiarity principle, compilers were free to choose the most efficient sources and methods given the national context, provided they meet the objectives fixed at the time with the high level of quality expected for official statistics.
Is the form of action (choice of instrument) as simple as possible and coherent with a satisfactory	Uncertain	Under the baseline, no further EU action would be taken. Each statistical domain would continue to be implemented as a separate statistical process based on its own EU legislation. Thus, all existing pieces of legislation would remain which does not favour easy enforcement and achievements of the objectives, in

achievement of the objective and effective enforcement?		particular the coherence and clarity of EU legislation. Nonetheless, the various stakeholders are accustomed to the current regime which has been in place since several years and it cannot be considered as 'failing' on this part of the proportionality assessment.
Effectiveness in achieving policy objectives:	(-- to ++)	
SO1.1: Adapting the regulatory framework to allow flexibility in meeting emerging needs	0	Under the baseline, no further EU action would be taken to further adapt the framework to evolving needs, sources and methods. Maintaining the current system would mean that LMB statistics would not fully satisfy emerging user needs, as the current problems would remain unaddressed.
SO1.2: To release more timely statistics	0	The deadlines of release of the LMB statistics will stay the same as currently
SO1.3: To promote the use of innovative sources and methods of duly assessed quality	0	No reporting on quality of administrative and innovative data sources will take place and assessment of their quality will not be assured therefore use of innovative sources will not be promoted.
SO2: Improving the coverage of statistics to whole economy and ensure exhaustive GPG data	0	Under the baseline, no further EU action would be taken to change the coverage of statistics in terms of topics and actors.
SO3: Improving the consistency with related statistical domains	0	Under the baseline, no further EU action would be taken to improve consistency with related statistical domains.
Impacts on fundamental rights and the promotion of equality	0	The impact on fundamental rights is not, however, entirely neutral. As policymakers and other stakeholders are involved in protecting population sub-groups at risk of inequality (in terms of pay discrimination based on gender or disability, there may be impacts). This option has no impacts on the promotion of equality.
Social impacts	0	Under the baseline scenario, no further EU action would be taken, hence no social impact.
Environmental impacts	0	Policy option 0 is likely to have a rather neutral indirect environmental impact when considering the European Green Deal.
Competitiveness	0	Under policy option 0 there are no impacts on competitiveness, research & innovation.

Do no significant harm, including climate consistency check	0	This option has no impact on the principle of "Do no significant harm".
Digital by default	0	The option has no impacts on digital-ready policymaking.
Sustainable Development Goals	0	Under this option there is no impacts on the SDG.
Coherence with overarching objectives of EU policy	(-- to ++)	
Coherence	0	Maintaining the status quo would mean that some shortcomings of the current framework would not be resolved (i.e. partial coverage of the economy causing biases in key indicators). Considering that most of the drivers would remain unaddressed in the baseline scenario, it is highly likely that the misalignment between LMB statistics and other relevant EU flagships and initiatives will remain. For instance, the findings from evaluation identified a need for a more coherent and harmonised approach to data on equality. Hence, with option 0, LMB statistics will not be aligned with initiatives such as the recently adopted Directive on adequate minimum wages, the Commission proposal for a directive on pay transparency, and Principle 6 of the European Pillar of Social Rights.
Efficiency		
	0	Under Policy option 0, stakeholders will incur the same level of ongoing costs as under the current LMB framework of legal acts. Costs in Policy option 0 (for Eurostat, NSIs and enterprises) are mainly driven by the costs of regularly producing the various types of LMB statistics on wages, labour costs, and job vacancies. Benefits remain unchanged. Overall, NSIs are permanently optimizing their sources and methods, given the national contexts, so that the efficiency is high as also confirmed by the evaluation

2.1. Policy option 1: Reliance on the voluntary nature of contributions

Table 14. Policy Option 1: Reliance on the voluntary nature of contributions

Policy Option 1 Reliance on the voluntary nature of contributions		
Assessment criterion	**Score**	**Brief description**
Consistency with proportionality principle	(Pass / uncertain / fail)	Assessment
Does the option go beyond what is necessary to satisfactorily achieve the objectives?	Pass	As part of policy option 1, most measures are voluntary in nature, with only GPG data being mandatory. The nature of other measures being voluntary ensures that the option does not go beyond what is necessary to satisfactorily achieve the initial objectives. A new regulation would be created for regulating GPG. This satisfies the criterion in that the only avenue for addressing the specific issue of gender pay gap information is through specific legislation and cannot be achieved in a voluntary manner. This is therefore consistent with the proportionality principle.
Is the scope of the option limited to aspects that Member States cannot achieve satisfactorily on their own, and where the Union can do better?	Pass	Under option 1, some but restricted mandatory further EU action would be taken. Current EU action is limited to those aspects that Member States cannot achieve satisfactorily on their own, such as EU-wide comparative data that follow harmonised standards in areas such as labour costs, earnings, and job vacancies. The indicators added and the improvements to timeliness are comparatively minor in nature, rendering option 1 limited to aspects that Member States cannot achieve on their own.
Are costs for the Union, national governments, regional or local authorities, economic operators or citizens commensurate with the objectives of the initiative?	Pass	As part of option 1, limited further mandatory EU action is taken when compared to the baseline. The costs for additional data collection (on GPG) are limited. In particular, the future mandatory transmission of GPG data would be strictly limited to the current (voluntary) data collection transmission. It thereby passes the test of the costs being commensurate with the objectives of the initiative.
Is the form of action (choice of instrument) as simple as possible and coherent with a satisfactory achievement of the objective and effective enforcement?	Pass	Under option 1, one framework regulation is proposed with a limited degree of mandatory legal changes required -inclusion of GPG. All statistical domains would be covered under one EU legislation, allowing for better harmonisation and planning. In a certain way, the voluntary nature of the collection of some data would render the overall framework opaquer. It would not be as simple as possible as it creates divergence across Member States.

		Nonetheless, given the limited impact of the current regime on the various stakeholders, it is unlikely that this would be considered a 'fail' on this part of the proportionality assessment.
Effectiveness in achieving policy objectives:	(-- to ++)	
SO1.1: Adapting the regulatory framework to allow flexibility in meeting emerging needs	+	As part of option 1, the framework would be slightly more adapted (due to its voluntary character) to constantly evolving needs (in particular the new needs on GPG), sources and methods by considering elements that were not part of the existing regime.
SO1.2: To release more timely statistics	+	Improvements to timeliness would be minor as the early data transmission will take place voluntarily
SO1.3: To promote the use of innovative sources and methods of duly assessed quality	+	Quality reporting on use of administrative and/or innovative sources will be voluntary.
SO2: Improving the coverage of statistics to whole economy and ensure exhaustive GPG data	+	The coverage of statistics will be improved in particular for GPG data. Moreover, with the voluntary nature of the extension of coverage of other LMB data -, adapting quality reporting frameworks, aligning concepts and definitions - there are a number of improvements to be made compared to the baseline.
SO3: Improving the consistency with related statistical domains	+	Consistency with related statistical domains would be improved, in particular through the single basic act with updated references to the related statistical domains (National Accounts, European Business Statistics) but voluntary nature of extension to public administration may still leave not full resolved issue related to definition of an employee.
Impacts on fundamental rights including the promotion of equality	+	Making GPG data collection compulsory would have a positive impact on the monitoring of fundamental rights as regards gender issues. A mandatory legal basis for the data collection of GPG data would also be in line with the proposal for a Directive on pay transparency. However, further information on the GPG collected in the underlying source (SES) would be collected voluntarily, posing a risk of low compliance and hence limited data availability. This would limit future developments in GPG analyses (adjustments based on detailed occupations, impact of social contributions on the GPG etc.) Therefore, the impact on fundamental rights is slightly positive.
Social impacts	+	The modernisation of social statistics began with Regulation (EU) 2019/1700 on European social surveys. This regulation constituted the first milestone of the modernisation of social statistics, setting up a specific framework for European statistics on people and households based on data at an individual level, and collected from samples. Some of the proposed measures, such as on regularisation of

		gender pay gap, would further contribute to the promotion of social inclusion and the monitoring of social cohesion at national and regional levels. The European Pillar of Social Rights is about better delivering the rights for citizens towards a strong social Europe that is fair and inclusive. In terms of social impacts, there are positive effects in regard to the mandatory collection of data on the gender pay gap. This would nonetheless be a net positive result for this criterion.
Sustainable Development Goals	0	For LMB statistics, SDG 5 on gender equality and SDG 10 on reduced inequalities are relevant. The mandatory collection of GPG data will provide policy makers with more complete information to support policies in the area of gender equality and contribute to both SDG objectives. However, the voluntary data collection on microenterprises would lead to limited data availability on enterprises employing less than 10 persons preventing Eurostat from correcting the existing bias in the global SDG indicator on gender pay equality (the GPG).
Coherence with overarching objectives of EU policy	(-- to ++)	
Coherence	-	Option 1 would not address all the shortcomings of the baseline in terms of the somewhat more complex nature of the various existing datasets, the divergence of outcomes due to the voluntary nature of many of the measures, and thereby the rendering of the coherence in EU policies being somewhat less favourable than expected. It can also be questioned whether a voluntary approach would bring overarching EU objectives any closer. It is likely therefore that the effect is slightly negative compared to the baseline. However, as a new sole framework regulation is used, the risk of discrepancies between the domains will be lower, providing for better coherence of the LMB package in terms of definitions, concepts, approaches and planning.
Efficiency		
	0	Under policy option 1, stakeholders will incur slightly higher ongoing costs than under the current LMB framework of legal acts. Costs in policy option 1 are mainly driven by the costs of regularly producing GPG. Those costs however are negligible for the enterprises as the data collection will be done by the NSI mainly based on the existing sources. There would, however, be a positive impact on benefits given the voluntary nature of most of the measures and thus the benefits are also comparatively modest. Overall efficiency may still be relatively high based on findings from the evaluation.

Results of the consultation on cost and burden with the NSIs and the study estimation combined, provided that introduction of the compulsory data collection on GPG would lead to increase of costs for this data collection by 34 % (+ 215 000 Euro). For the whole LMB, this means an increase of less than 1 % in total. Estimated, increase in costs related to burden on enterprises would be negligible (less than 100 000 Euro). This is mainly linked to the fact that GPG data collection is based on the existing sources and the burden is mainly on the statistical authorities to compile the data and prepare quality report. In relation to burdens associated with creating a legal basis for the mandatory transmission of annual unadjusted GPG data, 54% of respondents (14 NSIs) indicated no increases in response burden and an additional 35% (9 NSIs) noted that data was already collected or available. Nevertheless, 12% of respondents indicated an increase in response burden 4% (1 NSI) medium and 8% (2 NSIs) high. When asked about the possible increase in burden associated with collecting and publishing quality reports for the yearly GPG, most respondents (62%, 16 NSIs) noted no increases in response burdens. 27% (7 NSIs) also noted that data was already available or collected. Increases are however noted by the remaining 12% of respondents with 8% (2 NSIs) indicating a high increase and 4% (1 NSI) indicating no increases in response burdens. Negligible increase in total burden on the enterprises is expected, coming mainly from the country that either do not provide data already (e.g. IE).
Overall assessment
Under policy option 1, there will be limited mandatory changes at the EU level and a larger number of voluntary changes. The measures, however, generally represent a continuation of the status quo under the baseline. This option would have limited effectiveness in addressing the problems identified with the current EU legal framework and while it passes the proportionality principle simply because it is a simplification compared to the existing framework, its effects are modest and do not meet the expectations for a general review of LMB legislation. While there are some positive social impacts, the overall coherence with EU policies is not deemed well-served by this option, thus making it sub-optimal. In summary, this option would be somewhat more effective in addressing the problems identified with the LMB framework compared to the baseline, although it still falls short from users expectations identified through the LMB evaluation exercise.

2.2. Policy option 2: High coverage, better timeliness and other measures

Table 15. Policy Option 2: High coverage and timeliness; GPG regulated

Policy Option 2: High coverage and timeliness; GPG regulated		
Assessment criterion	**Score**	**Brief description**
Consistency with proportionality principle	(Pass / uncertain / fail)	Assessment
Does the option go beyond what is necessary to satisfactorily achieve the objectives?	Pass	The new mandatory additions under option 2 relate to an extension of the coverage in certain areas, including of micro firms and NACE Rev. 2 section O for the SES, improved timeliness, adapting templates for quality reports, aligning concepts and definitions, making GPG data compulsory and addressing emerging needs. To ensure compliance with the principle of proportionality, the intervention of the EU in the field of European statistics must ensure a higher level of comparability of the relevant LMB datasets. The option is not deemed to go beyond what is necessary to satisfactorily achieve the objectives because it covers areas where data users have expressed a need and addressed emerging needs that the evaluation found are currently missing. It also updates concepts, definitions and templates to ensure alignment. Timeliness increases considerably in some respects.
Is the scope of the option limited to those aspects that Member States cannot achieve satisfactorily on their own, and where the Union can do better?	Pass	Under option 2, further mandatory EU action is taken in the range of areas described above. It is reasonable to assess that Member States would not be able to cover alone those areas that the evaluation has found are gaps and limitations of the current regime. Several of the proposed measures concern coordination efforts (on definitions, templates for quality reports, concepts) and addressing needs in any case already expressed in EU strategies (such as extension of the coverage). It is clear the Union can do better than the totality of the Member States.
Are costs for the Union, national governments, regional or local authorities, economic operators or citizens commensurate with the objectives of the initiative?	Pass	As part of option 2, considerable EU action is taken compared to baseline. There would be higher costs for measures that are currently not in place, though these are assessed as reasonable compared to the wider EU policies, strategies and objectives, and the needs for rendering the framework future-proof. It thereby passes the test of the costs being commensurate with the objectives of the initiative.
Is the form of action (choice of instrument) as simple as possible	Pass	Under option 2, mandatory action is taken, and this is done by merging the existing 3 framework regulations into a single integrated legal act. It can be considered comparatively simpler

and coherent with a satisfactory achievement of the objective and effective enforcement?		than discrete regulations for each type of data. The mandatory nature of the collection of data, expansion of the coverage and addressing of emerging needs, as well as the updating of concepts, definitions and templates for quality reports would render the overall framework more future-proof. It helps to achieve the objectives more satisfactorily than is currently the case. It expands the scope of LMB statistics while reducing the complexity of the current legal framework. Option 2 therefore passes this test.
Effectiveness in achieving policy objectives:	(-- to ++)	
SO1.1: Adapting the regulatory framework to allow flexibility in meeting emerging needs	++	As part of option 2, the framework would clearly help in further adapting to meet constantly evolving needs (including the needs identified in the evaluation), sources and methods by considering numerous elements that were not part of the existing regime.
SO1.2: To release more timely statistics	+	The timeliness of the statistics will be improved, in particular for the LCI and to a lesser extent for the SES.
SO1.3: To promote the use of innovative sources and methods of duly assessed quality	++	The use of administrative and innovative sources will be promoted by better reporting of their quality
SO2: Improving the coverage of statistics to whole economy and ensure exhaustive GPG data	+	The coverage of statistics will be improved in particular for GPG data, extending SES to micro firms, providing better coverage of the economy through including administration in the SES and also in the LCS, full coverage of the economy including micro firms, public institutions and the non-business economy (O to S) in the JVS, new templates for quality reports, definitions and concepts, and addressing emerging needs. This helps to significantly to improve the coverage to whole economy.
SO3: Improving the consistency with related statistical domains	++	Consistency with related statistical domains would be improved, in particular through the single basic act with updated references to the related statistical domains (National Accounts, European Business Statistics).
Impacts on fundamental rights including the promotion of equality	+	Compared with the baseline, option 2 will regulate GPG transmissions thus increasing coherence with the current legal framework, specifically with Article 23 of the EU Charter, the European Pillar of Social Rights, Directive 2006/54 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation as well as the Gender Equality Strategy 2020-2025. With extension of the SES to NACE Rev. 2 section O and microenterprises coverage, users will get unbiased results on wages allowing better analysis of the gender differences.

Social impacts	++	Some of the proposed measures, such as extension of the SES coverage to the micro firms and NACE Rev. 2 section O would allow better assessment of the low–wage earners and contribute to monitoring of the directive on minimum wages adequacy. They will also further contribute to modernising social statistics. Modernisation of this kind may be needed to support various Union actions, such as the promotion of social inclusion and the monitoring of social cohesion at national and regional levels. The European Pillar of Social Rights is about better delivering the rights for citizens towards a strong social Europe that is fair and inclusive. There are positive effects with the mandatory collection of data on the gender pay gap, indices of hours worked and labour costs, variables identified as emerging need in SES. There would clearly be a net positive result for this criterion.
Sustainable Development Goals	+	SDG 5 on gender equality and SDG 10 on reduced inequalities were assessed under this option. Regulated data collection for GPG, has the potential to increase data accessibility on GPG data and provide policy makers with more up to date information to support policies in the area of gender equality and contribute to SDG 5 on gender equality. In addition, under this option SES data collection is extended to micro-enterprises, this increases the coverage of economy and provides more detailed and accurate information on gender pay gap and contributes to an unbiased calculation of SDG indicator on gender equality.
Coherence with overarching objectives of EU policy	(-- to ++)	
Coherence	+	Option 2 would address most of the shortcomings of the baseline in terms of coverage, covering emerging needs and further harmonisation of standards (definitions, concepts, templates for quality reports). A clear effort at collecting these types of data would better ensure meeting overarching EU objectives. The impact of policy option 2 would be further aligned with the aforementioned EU flagship initiatives such as the Equality Employment Directive (2000/78/EC), EP and Council directive on minimum wages, Commission proposal for a directive on pay transparency and Principle 6 of the European Pillar of Social Rights. Last but not least, a unified legal framework (single legal act) will improve the clarity and coherence of the whole LMB legislation.
Efficiency		
	++	(see assessment below)
The costs for compilers related to data collections were assessed based on a quantitative survey of NSIs and Other National Agencies (ONAs) in charge of LMB statistics. This was complemented by a qualitative survey of the LAbour MArket Statistics (LAMAS) working group carried out in the July-August 2022 and the study conducted for the purpose of evaluation and impact assessment		

The table below provides an overview of the increase in costs for NSIs across datasets for NSIs, for policy option 2 Increase in costs of NSIs for policy

Table 16. Increase in costs of NSIs for policy option 2

	Total annual costs of baseline for NSIs (in EUR)	Increase of NSI´s cost (in EUR)	% Increase of total NSIs´costs
JVS	5,659,238	586,191	10%
LCI	9,318,641	865,516	9%
LCS	7,185,434	529,808	7%
SES	7,386,671	1,511,227	20%
GPG	628,709	214,647	34%
Total LMB	**30,178,693**	**3,707,389**	**12%**

In the qualitative survey among the MSI´s most respondents (64%, 16 NSIs) noted insignificant costs for transmitting all LCI results earlier, 65 days instead of 70 days after the end of the reference quarter. 24% (6 NSIs) reported a significant increase every time the survey takes place and 13% (Malta, Belgium, Greece, France and Bulgaria) when starting up. NSI respondents from BE, DE, ES, FR, IT, NL, PT, and PL were asked to evaluate the level of costs in terms of providing the data for a flash LCI at 45 days after the end of the reference quarter. Half of them respondents noted a significant increase in costs every time the survey takes place.

Most NSIs respondents (58%, 15 NSIs) also noted an absence of increase in costs for transmitting all SES results earlier (T+16 months instead of T+18 months). 19% (5 NSIs) noted an increase when starting up and the remaining 23% (6 NSIs) noted one every time the survey took place.

In a nutshell, option 2 would trigger limited costs for NSIs whose main part could be financed through by EU grants.

Costs for respondents

The costs for respondents was assessed in a survey of compilers complemented with a qualitative study. The costs for enterprises were calculated based on the median time spent by enterprises to comply with the data collection request multiplied by hourly labour costs in Member States. The sum of costs of the available countries, plus the EU median value for the missing countries not reporting any cost were added to calculate the total costs.

The table below provides an overview of the increase in costs for businesses across datasets.

Table 17. Increase in costs for businesses for policy option 2

	Total annual costs of baseline for businesses (in EUR)	Increase of businesses cost (in EUR)	% Increase of total costs of business
JVS	4,472,272	723,594	16%
LCI	12,001,564	11,935	0.1%
LCS	10,703,029	456,720	4%
SES	16,079,802	3,426,005	21%
GPG	0	92,365	na
Total LMB	**43,256,667**	**4,710,619**	**11%**

In relation to the burden associated with extending the coverage of LMB datasets, 42% of the NSIs (11 NSIs) noted a high increase in response burden in extending coverage of SES datasets to micro-firms for main information. The remaining respondents either noted that data was already collected (38%, 10 NSIs), Finland, Belgium, Luxembourg and France (16%) recorded no increase and only Latvia (4%) reported a low increase in response burden. Responses regarding extending the coverage of the SES survey to NACE Rev. 2 section O ('public administration and defence, compulsory social security') suggest data is either already collected or available (73%, 19 NSIs). Impacts of response burdens for the remaining countries are either medium (15%, 4 NSIs) or high (12%, 3 NSIs). For LCS datasets, most respondents (77%, 20 NSIs) noted data availability. Only three respondents noted high increases in response burdens for transmitting all SES results earlier, at T+16 months instead of at T+18 months (T being the end of the reference year). 19% (5 NSIs) indicated data availability and 42% (11 NSIs) of respondents noted no increases in response burdens. To summarize, option 2 would create a limited increase in burden, mainly due to the extension of the SES scope to micro-firms. The costs implied (8.2 million) represent a negligible part (less than 1%) of the costs European Business Statistics (annual total costs of around 980 million Euro)[36]. The real amounts will be even smaller as ten NSIs have already extended SES to micro-firms.
Overall assessment
The overall assessment of option 2 is that it passes the proportionality test, ensures enhanced coherence with EU policies, goes a significant way in meeting policy objectives and has positive social impacts. The option leaves limited gaps with the identified set of problems and drivers. Most of the drivers are addressed. Option 2 is highly effective in achieving most of the policy objectives. In terms of coverage, option 2 does not foresee the extension of LCS to cover micro firms but extends SES to micro firms although only for main information (SES 2). Option 2 also offers high timeliness but the frequency remains unchanged – as with the baseline scenario (4-yearly). While it is anticipated that the increase in timeliness will allow for better research and evidence from SES and LCI, the frequency of LMB statistics would not improve. Whereas cyclical indicators (JVS for labour shortages, LCI for hourly labour costs) are provided with sufficient frequency (quarterly), some users would appreciate a shorter periodicity for structural surveys such as the LCS and the SES. Nevertheless, option 2 would also cover important actors and segments of the population to allow for better research and policy analysis. This option also introduces new templates for the collection and quality reporting for the use of administrative data and innovative sources as well as more alignment in terms of concepts and definitions of relevant data domains including national accounts and the EBS.

[36] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/1342-European-business-statistics-FRIBS-_en

2.3. Policy option 3: Highest coverage and increased frequency

Table 18. Policy Option 3: Highest coverage and increased frequency

Policy Option 3: Highest coverage and increased frequency		
Assessment criterion	**Score**	**Brief description**
Consistency with proportionality principle	(Pass / uncertain / fail)	Assessment
Does the option go beyond what is necessary to satisfactorily achieve the objectives?	Pass	The full set of mandatory aspects under option 3 relate to an extension of the coverage in certain areas, including of micro firms, improved timeliness, adapting templates for quality reports, aligning concepts and definitions, making GPG data compulsory and addressing emerging needs. To ensure compliance with the principle of proportionality, the intervention of the EU in the field of European statistics must ensure a higher level of coherence and comparability of the relevant LMB datasets. The option goes further than option 2 in particular in improving both timeliness and frequency of the publication of datasets. The frequency and timeliness were cited as key points of improvements by data users. Overall, the set of measures is not deemed to go beyond what is necessary to satisfactorily achieve the objectives because it covers areas where data users have expressed a need and addressed emerging needs that the evaluation found are currently missing. It also updates concepts, definitions and templates to ensure alignment. Such alignment can be considered reasonable.
Is the scope of the option limited to those aspects that Member States cannot achieve satisfactorily on their own, and where the Union can do better?	Pass	Under option 3, significant mandatory EU action is taken in a wide range of areas. It is reasonable to assess that Member States would not be able to cover those areas that the evaluation has found are gaps and limitations of the current regime. Several of the proposed measures concern coordination efforts (on definitions, templates, concepts) and addressing needs in any case already expressed in EU strategies. It is clear the Union would do better than the totality of Member States in this policy area. The most far-reaching option adopts an overhaul of the entire legal framework but the scope of the option is limited to what is necessarily required. The new legislation would rationalise the legal basis and hence be a simplification.
Are costs for the Union, national governments, regional	Uncertain	As part of option 3, considerable EU action is taken to cover significantly the shortcomings identified in the evaluation. There would be higher costs for measures that are currently not in place,

or local authorities, economic operators or citizens commensurate with the objectives of the initiative?		increasing frequency and timeliness. These are generally commensurate to objectives: LCS and SES frequency cannot double without increasing the burden by a similar proportion. However, the increased frequency and timeliness entail sustained further efforts that may, strictly speaking, not all be necessary to meet objectives of the initiative. It is therefore somewhat uncertain if it passes the test of the costs being commensurate with the objectives of the initiative.
Is the form of action (choice of instrument) as simple as possible and coherent with a satisfactory achievement of the objective and effective enforcement?	Pass	Under option 3, mandatory action is taken and this is done by producing a single new framework regulation. The mandatory nature of the collection of data, expansion of the coverage and addressing of emerging needs, as well as updating of concepts, definitions and templates for quality reports would render the overall framework more future-proof. It helps to achieve the objectives more satisfactorily than is currently the case through its legal streamlining (1 instead of multiple regulations). It expands the scope of LMB statistics but does not expand its current level of complexity. Option 3 therefore passes this test.
Effectiveness in achieving policy objectives:	(-- to ++)	
SO1.1: Adapting the regulatory framework to allow flexibility in meeting emerging needs	++	As part of option 3, the framework would clearly help in further adapting the framework to constantly evolving needs, sources and methods by considering extensively elements that were not part of the existing regime.
SO1.2: To release more timely statistics	++	The timeliness of the statistics will be significantly improved, in particular for the SES, LCI and LCS.
SO1.3: To promote the use of innovative sources and methods of duly assessed quality	++	The use of administrative and innovative sources will be promoted by better reporting of their quality
SO2: Improving the coverage of statistics to whole economy and ensure exhaustive GPG data	++	The coverage of statistics will be improved in particular for GPG data, creating better coverage of the economy through extending the LCS and SES to micro firms for all variables as well as to administration, new templates for quality reports, definitions. This helps to significantly improve the coverage and depth of statistics.

SO3: Improving the consistency with related statistical domains	++	Consistency with related statistical domains would be improved.
Impacts on fundamental rights including the promotion of equality	++	Considering EU strategies on equality, and the gender pay gap in particular, the impact on fundamental rights through collecting these types of data would be aided positively by this option. With any fundamental right drawbacks being limited, the overall assessment is positive. This option has the potential to increase the impact of LMB statistics and creating a stronger legal basis for collecting such data and increasing coherence with the current legal framework, specifically with Article 23 of the EU Charter, the European Pillar of Social Rights, Directive 2006/54 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation, the Gender Equality Strategy 2020-2025. The increased frequency of SES data collection would allow for more frequent provision of benchmarked GPG and better monitoring of the equality policies.
Social impacts	++	Some of the proposed measures, such as mandatory collecting of data on gender pay would further contribute to modernising social statistics. Modernisation of this kind may be needed to support various Union actions, such as the promotion of social inclusion and the monitoring of social cohesion at national and regional levels. The European Pillar of Social Rights is about better delivering on rights for citizens towards a strong social Europe that is fair and inclusive. The increase of frequency of SES and LCS is an additional element with a social impact. In addition, there are positive effects with the mandatory collection of data on the gender pay gap, data, indices of hours worked and labour costs, pay schedules and additional variables in SES data. There would be a clearly net positive result for this criterion.
Sustainable Development Goals	++	SDG 5 on gender equality and SDG 10 on reduced inequalities were assessed under this option. Regulated data collection for GPG, has the potential to increase data accessibility on GPG data and provide policy makers with more up to date information to support policies in the area of gender equality and contribute to SDG 5 on gender equality. In addition, under this option SES data collection is extended to micro-enterprises and provided more frequently. This increases the coverage of economy and provides more frequent and accurate information on benchmarked gender pay gap and contributes to an unbiased calculation of SDG

		indicator on gender equality. Under this policy option additional variables in SES identified as emerging need SES would be collected on a mandatory basis. This information could be used to support the calculation of SDGs scoreboard in relation to reduced inequalities.
Coherence with overarching objectives of EU policy	(-- to ++)	
Coherence	+	Option 3 would address most of the shortcomings of the baseline in terms of coverage, covering emerging needs and further harmonisation of standards (definitions, concepts, templates for quality reports). A clear effort in collecting these types of data would better ensure meeting overarching EU objectives. It is expected that with the introduction of new variables (for instance, covering 'pay schedule') and mandatory collection of GPG data, LMB statistics will be fully aligned with flagship initiatives such as the EP and Council directive on minimum wages, the Commission proposal for the directive on pay transparency and Principle 6 of the European Pillar of Social Rights.
Efficiency		
	+	See assessment below

Option 3 offers the highest effectiveness but also comes at a high price. This is the most costly and burdensome option.

The table below provides an overview of the increase in costs for NSI's across datasets for NSI's, for policy option 3

Table 19. Increase in costs for NSIs for policy option 3

	Total costs of baseline for NSIs (in EUR)	Increase of NSI´s cost (in EUR)	% Increase of Total costs
JVS	5,659,238	2,198,958	39%
LCI	9,318,641	1,379,390	15%
LCS	7,185,434	8,348,942	116%
SES	7,386,671	7,409,460	100%
GPG	628,709	1,658	0%
Total LMB	**30,178,693**	**19,338,408**	**64%**

Participant responses in qualitative survey among NSI´s were balanced in relation to transmitting all LCS results earlier, at T+15 months instead of at T+18 months. Although 46% of respondents (12 NSIs) noted a significant increase in cost every time the survey takes place, and 15% (4 NSIs) indicating cost increases when starting-up, 38% of responses (10 NSIs) also suggest no significant increase in cost would take place.

Costs associated with collecting SES data every two years instead of every four years will be high as a large majority of respondents (84%, 21 NSIs) noted a significant increase in cost every time the survey takes place. The remaining 16% (Iceland, Hungary, Denmark and Switzerland) noted no increase in costs. In terms of collecting LCS data every two years instead of every four years, a large majority of respondents (76%, 19 NSIs) indicated significant increases in costs every time the survey takes place. Portugal indicated significant costs when starting up and respondents from Ireland, Iceland, Denmark, Switzerland and Romania (20%) also noted no increase.

Most respondents (60%, 15 NSIs) also noted an increase in costs associated with transmitting all SES results much earlier, at T+11 months (instead of T + 16 months) with a reference month change. 20% noted increases in costs when starting up (5 countries) and 20% noted no increases in cost.

The table below provides an overview of the increase in *costs for businesses* across datasets

Table 20. Increase in costs for businesses for policy option 3

	Total costs of baseline for businesses (in EUR)	Increase of businesses cost (in EUR)	% Increase of total costs of businesses
JVS	4,472,272	2,715,790	61%
LCI	12,001,564	11,935	0%
LCS	10,703,029	15,187,811	142%
SES	16,079,802	20,087,048	125%
GPG	0	0	0%
Total LMB	**43,256,667**	**38,002,583**	**88%**

Turning to the qualitative study, most respondents (64%, 16 NSIs) indicated a high increase in response burden due to doubling the SES frequency (every two years instead of every four years). Only five respondents (20%) indicated that SES data were already available with a bi-annual frequency.

A similar response was provided as regards the impact of doubling the LCS frequency: 60% of the respondents (15 NSIs) noted high increases in response burdens while only 20% (5 NSIs) indicated that LCS was already collected every two years.

As concerns collecting JVS data by occupation, it will cause high increase in burden according to 67% of NSIs (16 replies), in 5 countries data by ISCO is collected already. Regional data (at NUTS 1 level) for JVS is collected already in 11 countries (46% of NSIs). 4 of NSIs report possible high increase in burden.

Results of the qualitative survey were more balanced as regards improving the timeliness of SES from T+16 months to T+11 months (T being the end of the reference year): 32% of respondents (8 NSIs) indicated high increases in response burdens and similarly another 8 NSIs indicated no increase in response burden. Only 12% (3 NSIs) noted that the data were already available within the shorter deadline of T+11 months.

For LCS datasets, responses suggest mixed impacts in terms of burdens associated with transmitting all LCS results earlier, at T+15 months instead of at T+18 months (T being the end of the reference

year). Two respondents (8%) noted a high increase in burden, 27% (7 NSIs) noted a medium increase in response burden and another two a low increase. The remaining 40% of respondents (10 NSIs) noted no increases in response burdens. To summarize, option 3 would create a large increase (+88%) in the LMB response burden, This increase would be notably higher for LCS (+ 142%) and SES (+ 125%), mainly due to doubling the frequency of those costly data collections (+ the extension to micro-firms for LCS). Collecting job vacancy data by occupation and region would also have a large impact on the response burden.
Overall assessment
The overall assessment of option 3 is that it may pass the proportionality test, though its high level of ambition in frequency of publication may not necessarily be the least costly approach needed to meet objectives. The option ensures enhanced coherence with EU policies, ensures policy objectives are met and has positive social impacts. The option leaves no meaningful gaps with the identified set of problems and drivers. Option 3 is the most ambitious and effective among the policy options. It is also the most impactful option as it addresses all drivers, and the achievement of policy objectives is maximised even if implying a higher burden on data compilers as well as respondents The foreseen legislative changes under policy option 3 are likely to significantly impact all stakeholders. Indeed, the findings from the evaluation and stakeholder consultation have stressed the need for LMB statistics to adapt to new and emerging user needs, data sources, and methods. Option 3 offers an extension of the coverage of LMB statistics and the best timeliness and frequency in the richest (and most costly) sets of LMB data (SES and LCS). It also provides for detailed information on labour shortages by occupation and region. Option 3 fully captures the important actors and allows for the observation of socio-economic phenomena across the EU economy. The extension of both the SES and LCS scope to micro-firms would also fill the existing data gaps for this part of the economy. All these improvements would significantly enhance the scope and depth of policy research on earnings, labour costs and labour shortages. The addition of new data, improvements in timeliness, frequency and alignment of definitions would result in an increased satisfaction for data users leading to better evidence-based policy making with issues such as discrimination and inequalities being better covered by European official statistics. On the downside, this would create much higher costs for NSIs and a significant increase in the burden for respondents.

I. Overview of Benefits (total for all provisions) – Preferred Option		
Description	***Amount***	***Comments***
Direct benefits		
Better EU level timeliness and completeness of statistics across all Member States	Not quantified	EU level institutional users
Better EU level comparability and coherence of statistics across all Member States	Not quantified	
Underlying data on earnings and related indicators not biased	Not quantified	
Better data evidence for monitoring and policy making	Not quantified	
Better EU level timeliness and completeness of statistics across all Member States	Not quantified	Other institutional users (national and sub-national levels)
Improved comparability of statistics with other Member States	Not quantified	
Underlying data on earnings and related indicators not biased	Not quantified	
Improved comparability of statistics with other Member States	Not quantified	Statistics producers (NSIs)
Underlying data on earnings and related indicators not biased	Not quantified	
Reduced administrative burden (through improved use of administrative and/or other data sources)	Not quantified	
Reduced administrative burden (trough limitation of the LCS data collection on apprentices to all EU Member States except Germany, Denmark, France, Italy and Austria)	Not quantified	
Reduced administrative burden (relating to regulatory changes to adapt to evolving policy needs)	Not quantified	
Better EU level timeliness and completeness of statistics across all Member States	Not quantified	General public
Better EU level comparability and coherence of statistics across all Member States	Not quantified	
Underlying data on earnings and related indicators not biased	Not quantified	
Reduced administrative burden (relating to regulatory changes to adapt to evolving policy needs)	Not quantified	Eurostat
Reduced administrative burden (related to quality assurance)	Not quantified	
Indirect benefits		
Reputational gains from improved policy-making and EU decision-making in general Not quantified EU level institutional users	Not quantified	EU level institutional users
Reputational gains from improved visibility and transparency in a European context	Not quantified	Other institutional users (national and sub-national levels)
Increased ability to meet legal requirements	Not quantified	Statistics producers (NSIs)
Increased staff skills	Not quantified	
Benefits from improved policy-making	Not quantified	General public
Advancement of Eurostat mission 'to provide high quality statistics and data on Europe'	Not quantified	Eurostat
Improved collaboration with EU level policy users	Not quantified	

Reputational gains from enhanced international standing of European statistics free for all	Not quantified	
Administrative cost savings related to the 'one in, one out' approach*		
The simplification of the LCS data collection on apprentices will lead to reduction of the total time spent by the sampled enterprises in filling LCS questionnaires.	Not quantified	The time spent be the enterprises will be will be reduced by 27% (6/22) for all EU Member States except Germany, Denmark, France, Italy and Austria.

*(1) Estimates are gross values relative to the baseline for the preferred option as a whole (i.e. the impact of individual actions/obligations of the preferred option are aggregated together); (2) Please indicate which stakeholder group is the main recipient of the benefit in the comment section;(3) For reductions in regulatory costs, please describe details as to how the saving arises (e.g. reductions in adjustment costs, administrative costs, regulatory charges, enforcement costs, etc.;); (4) Cost savings related to the 'one in, one out' approach are detailed in Tool #58 and #59 of the 'better regulation' toolbox. * if relevant*

II. Overview of costs – Preferred option							
		Citizens/Consumers		**Businesses**		**Administrations**	
		One-off	**Recurrent**	**One-off**	**Recurrent**	**One-off**	**Recurrent**
Action (a)	Direct adjustment costs	N/A	N/A	N/A	N/A	234,391	N/A
	Direct administrative costs	N/A	N/A	N/A	N/A	91,075	N/A
	Direct regulatory fees and charges	N/A	N/A	N/A	N/A	N/A	N/A
	Direct enforcement costs	N/A	N/A	N/A	4,618,254	N/A	3,282,045
	Indirect costs	N/A	N/A	N/A	N/A	N/A	N/A
Costs related to the 'one in, one out' approach							
Total	Direct adjustment costs						
	Indirect adjustment costs						
	Administrative costs (for offsetting)						

(1) Estimates (gross values) to be provided with respect to the baseline; (2) costs are provided for each identifiable action/obligation of the preferred option otherwise for all retained options when no preferred option is specified; (3) If relevant and available, please present information on costs according to the standard typology of costs (adjustment costs, administrative costs, regulatory charges, enforcement costs, indirect costs;). (4) Administrative costs for offsetting as explained in Tool #58 and #59 of the 'better regulation' toolbox. The total adjustment costs should equal the sum of the adjustment costs presented in the upper part of the table (whenever they are quantifiable and/or can be monetised). Measures taken with a view to compensate adjustment costs to the greatest extent possible are presented in the section of the impact assessment report presenting the preferred option.

3. RELEVANT SUSTAINABLE DEVELOPMENT GOALS

III. Overview of relevant Sustainable Development Goals – Preferred Option(s)		
Relevant SDG	**Expected progress towards the Goal**	**Comments**
SDG 5 – Gender equality	Assured data evidence for monitoring and relevant policies	Gender pay gap data delivered based on the legal requirements (measures GPG1 and GPG2)

ANNEX 4: ANALYTICAL METHODS

Detailed approach to the quantification of costs (efficiency)

The costs estimated as part of this evaluation were those associated with the current LMB framework specifically focusing on data collections defined by:

- Council Regulation (EC) No 530/1999 of 9 March 1999 concerning structural statistics on earnings and labour costs, (applicable **for SES and LCS),**
- Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index (**LCI)**
- Regulation (EC) No 453/2008 of the European Parliament and of the Council of 23 April 2008 on quarterly statistics on Community job vacancies (**JVS**)

In addition the costs of voluntary gender pay gap data collection were assessed.

In order to get information on the current costs and the burden of the data collections, a survey was launched by Eurostat for National Statistical Authorities.

The questionnaire was structured along three parts, covering respectively:

(1) the costs for compilers (direct and indirect, both *including FTE),*

(2) the time per respondent (in most of the cases the respondent in LMB statistics is an enterprise, few countries however collect data for SES directly from the employees). For the sake of simplification, all costs for respondents are treated as costs of businesses.

(3) the time for all responding units. For the sake of simplification, all respondent related costs are treated as businesses costs.

Countries were asked to report the whole costs and burden for scenario of no changes in the legislation, and for the possible policy options, both the direct and indirect costs, after converting occupied posts in Full Time Equivalents (FTEs[37]) Costs had to be reported in national currency and were converted into euros according to the latest exchange rates[38] available. The survey aimed to cover the whole production cycle - from the preparation of collecting the information via a survey or administrative sources, applying the corresponding legislation, the methodological work, the verification of the data in the country, all work related to dissemination - until the moment of sending the data to Eurostat.

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[37] FTE: Full Time Equivalents varies (in respect of working days and working hours per day) across countries, it is proposed to use the following standards: one year corresponds to 215 working days (used as well in Commission's unit cost methodology), and one working day equals 8 hours worked. However, NSIs are free to decide to use their own (country wise) definition of 'FTE'. In that case, the NSI was invited to communicate (for each survey) how many working days and hours one 'FTE' corresponded in the reporting country.

[38] https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ert_bil_eur_m&lang=en

Euro/ECU exchange rates - monthly data [ert_bil_eur_m] extracted on 05 May 2021.

On burden, countries were asked to report on time spent annually per respondent in minutes and of time spent annually by all respondents. The results were requested to be annual to account for differences in frequencies of LMB data collections (quarterly, yearly, 4 yearly). The burden was requested to be provided only in relation to scope required by the EU.

Eurostat has estimated the cost and burden for enterprises to provide data for LMB data collection.

For costs of compliers, (NSI), EU totals were derived as a simple sum. When a country did not report any costs or when the results had not been confirmed in the validation process, the values were imputed using the results from a country with a similar number of employees.

Given the low country coverage of the survey on burden by median time spend by all responding units, the values for missing countries were imputed by the EU median value calculated based on the available countries information. To monetise burden of respondents, time for all responding units in hours was multiplied by the mean hourly labour costs for the country concerned. It should also be noted that in some cases authorities extract data from administrative resources or data are derived from other surveys.

The data from compilers were complemented by results of study from the ICF as no clear distinction of one-off costs and recurrent costs were available from the compilers survey. The assumptions used for this assessment are provided in the Annex IV

ANNEX 5: ASSUMPTIONS USED FOR THE DISTRIBUTION OF COSTS TO THE BR TYPOLOGY

The contract support study on this impact assessment has assessed a total of three options:

Option 1: Reliance on the voluntary nature of contributions

Option 2: High coverage, better timeliness and other measure

Option 3: Highest coverage and increased frequency

Costs have been considered for three main stakeholder groups, namely 1) Member States and their National Statistical Institutes (NSIs), 2) the European Commission, including Eurostat specifically and 3) data producers/businesses. The cost of businesses participating in the data collection for all three policy options were assessed in the Eurostat study conducted with the NSIs (as described in the Annex IV). Similarly, the baseline costs of LMB were assessed for NSIs and businesses in the same study. The results collected as annual to account for differences in frequencies of LMB data collections (quarterly, yearly, 4 yearly). And in the consolidation of results, they were considered as recurrent and related to the data collections for the NSIs and costs for participating in surveys for the businesses.

Assumptions related to other types of costs (not related to data collection or participation of businesses in the LMB surveys) are summarised in the Table 1.

Further assumptions used (e.g. the hourly costs rates for the one-off costs in the NSIs) are annexed to the ICF study report.

Benefits were generally not appropriate for quantification. For example, the benefits to non-institutional data users from increased access to high quality labour market statistics on businesses would be challenging to quantify since this would depend on several additional factors, such as how this data would be used or the cost of accessing data through alternative sources. Therefore, estimates for benefits are not available.

1. DETAILED OVERVIEW OF ESTIMATE COSTS

EC/MS/	Cost category	Cost item	Stakeholders affected	Type	Value (EUR)	Description of assumption	Comments/notes
Policy Option 1							
EC	Administrative costs	Developing a Framework Regulation and amending implementing legislation (in particular for GPG)	Eurostat	One-off cost	*28,545*	2 EU officials (AD10) * 20 days Monthly salary for AD10 is 9,000 22 days worked per month (based on Eurostat 2019: average of 36.2 hours worked per week)	value in EUR
EC	Compliance costs	Monitoring compliance by MS	Eurostat	Recurrent cost	*8,182*	2 EU officials (AD10) * 10 days Monthly salary for AD10 is 9,000 22 days worked per month (based on Eurostat 2019: average of 36.2 hours worked per week)	value in EUR
MS	Administrative costs	Adaptation and preparation for revised text of the LMB FR	The 27 MS bound by the FR	One-off cost	*45,537*	220 days worked per year (based on Eurostat 2019: average of 36.2 hours worked per week)"	value in EUR
MS	Administrative costs	Issuing guidance and training.	27 MS affected	One-off cost	*7,081*	2 MS officials for 10 days	value in EUR
MS	Compliance costs	Communicate the change.	27 MS affected	One-off cost	*88,315*	4 MS officials for 8 days	value in EUR

EC/MS/	Cost category	Cost item	Stakeholders affected	Type	Value (EUR)	Description of assumption	Comments/notes
MS	Compliance costs	Data collections	This would affect all MS bound by legislation	Ongoing cost	*66,814*	Value based on Eurostat survey	value in EUR
MS	Administrative costs	Reporting to EU	This would affect all MS	Ongoing cost	*6,900*	Derived from the baseline assumption re FTE for reporting (i.e. 1 official per MS 2.5 days per year)	value in EUR
Businesses	Costs for participating in the surveys		This would affect the businesses selected	Recurring	*92,365*	Estimated at 2% the cost of PO 2 considering that GPG data (the only mandatory element) is roughly 2% of the baseline costs for NSIs.	value in EUR
Policy Option 2							
EC	Administrative costs	Developing a Framework Regulation and amending implementing legislation (in particular for GPG)	Eurostat	One-off cost	*35,682*	2 EU officials (AD10) * 25 days Monthly salary for AD10 is 9,000 22 days worked per month (based on Eurostat 2019: average of 36.2 hours worked per week)	value in EUR
EC	Compliance costs	Monitoring compliance by MS	Eurostat	One-off cost	*12,273*	2 EU officials (AD10) * 15 days Monthly salary for AD10 is 9,000 22 days worked per month (based on Eurostat 2019: average of 36.2 hours worked per week)	value in EUR
MS	Administrative costs	Adaptation and preparation for revised text of the LMB FR	The 27 MS bound by the FR	One-off cost	*91,075*	Derived from the baseline assumption re FTE for the transposition of the LMB into national law per MS (i.e. 2 official per MS, 5 to 10 days of their time on this activity per month, 6 months	value in EUR

EC/MS/	Cost category	Cost item	Stakeholders affected	Type	Value (EUR)	Description of assumption	Comments/notes
						Here we assume that transposition of amendments will take 30% of the total time required to transpose the whole LMB initially.	
MS	Administrative costs	Issuing guidance and training.	"27 MS affected	One-off cost	*110,394*	2MS officials for 20 days	value in EUR
MS	Compliance costs	Communicate the change.	"27 MS affected	One-off cost	*88,315*	4 MS official for 8 days	value in EUR
MS	Compliance costs	Data collections	"27 MS affected	Recurring	*3,259,423*	Value based on Eurostat survey	value in EUR
MS	Administrative costs	Reporting to EU	"27 MS affected	Recurring	*10,349*	Derived from the baseline assumption re FTE for reporting (i.e. 1.5 official per MS 2.5 days per year)	value in EUR
Businesses	Costs for participating in the surveys		This would affect the businesses selected	Recurring	*4,618,254*	Value based on Eurostat survey	value in EUR
Policy Option 3							
EC	Administrative costs	Developing a Framework Regulation and amending implementing legislation (in particular for GPG)	Eurostat	One-off cost	*42,818*	2 EU officials (AD10) * 30 days Monthly salary for AD10 is 9,000 22 days worked per month (based on Eurostat 2019: average of 36.2 hours worked per week)	value in EUR

EC/MS/	Cost category	Cost item	Stakeholders affected	Type	Value (EUR)	Description of assumption	Comments/notes
EC	Compliance costs	Monitoring compliance by MS	Eurostat	Recurring costs	*13,909*	2 EU officials (AD10) * 17 days Monthly salary for AD10 is 9,000 22 days worked per month (based on Eurostat 2019: average of 36.2 hours worked per week)	value in EUR
MS	Administrative costs	Adaptation and preparation for revised text of the LMB FR	The 27 MS bound by the FR	One-off cost	*106,254*	Derived from the baseline assumption re FTE for the transposition of the LMB into national law per MS (i.e. 2 official per MS, 7.5 days of their time on this activity per month, 6 months Here we assume that transposition of amendments will take 35% of the total time required to transpose the whole LMB initially.	value in EUR
MS	Administrative costs	Issuing guidance and training.	"27 MS affected	One-off cost	*110,394*	2 MS officials for 20 days	value in EUR
MS	Compliance costs	Communicate the change.	"27 MS affected	One-off cost	*88,315*	4 MS official for 8 days	value in EUR
MS	Compliance costs	Data collections	"27 MS affected	Recurring	*19,021,716*	Value based on Eurostat survey	value in EUR
MS	Administrative costs	Reporting to EU	"27 MS affected	Recurring	*11,729*	Derived from the baseline assumption re FTE for reporting (i.e. 1.7 official per MS 2.5 days per year)	value in EUR
Businesses	Costs for participating in the surveys		This would affect the businesses selected	Recurring	*38,002,583*	Value based on Eurostat survey	value in EUR

1.1.1. Mapping of the costs categories to typology used in the Annex II

	Commission		NSIs		Businesses	
	One-off	**Recurrent**	**One-off**	**Recurrent**	**One-off**	**Recurrent**
Direct adjustment costs	Amending the Framework Regulation and Implementing Regulations		Communicate the change + Issuing guidance and training			
Direct administrative costs			Adaptation and preparation for revised text of the LMB framework regulation			
Direct regulatory fees and charges						
Direct enforcement costs		Monitoring compliance		Data collections + Reporting to the EU		Costs of for participation in surveys
Indirect costs						